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What's heading your way?
Effective dates that you need to think about

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This toolkit provides a high level overview of new and revised financial reporting requirements which are mandatory and available for early adoption for annual periods beginning on or after 1 January 2020 that needs to be considered for implementation purposes. The chart below details the effective dates of MFRSs and agenda decision in issue as of 20 August 2020 for existing preparers of MFRS financial statements.

	1 January 2019	1 January 2020	1 January 2021	1 January 2022	1 January 2023
MFRS 17 Insurance Contracts				■	●
Amendments to References to the Conceptual Framework in MFRS Standards	■	●			
Definition of a Business (Amendments to MFRS 3)		●			
Definition of Material (Amendments to MFRS 101 and MFRS 108)		●			
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	■	●			
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)				■	●
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)				●	
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment) [Note 1]			■	●	
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)				●	
Annual Improvements to MFRS Standards 2018–2020 [Note 2]				●	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) [Note 3]					

	1 June 2020	1 June 2021
COVID-19-Related Rent Concessions (Amendment to MFRS 16 Leases) [Note 4]	●	

Agenda Decision	1 July 2019	1 July 2020	1 July 2021
Over Time Transfer of Constructed Good (MFRS 123)	■	●	

● Effective date ■ Retrospective application (assuming one year of comparatives required).

Note:
1. Earlier application is permitted. Applies retrospectively, but only to items of property, plant, and equipment that are brought in on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.
2. Earlier application of an amendment is permitted, if an entity applies the amendment for an earlier period, it shall disclose that fact.
3. The original effective date of annual periods beginning on or after 1 January 2016 has remained deferred to a date to be determined by the MASB.
4. Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020, but only applicable to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

The following tables provide a summary on each new MFRS, amendments to MFRS, Annual Improvements to MFRSs 2018 – 2020 Cycle and Agenda Decision, what the key requirements are, and the key things to think about when preparing to implement the changes. Whilst this is not intended as a comprehensive planning toolkit, it may help you to think about the potential accounting implications and plan the implementation accordingly, prior to the effective dates of these new pronouncements.

New Standards	Effective date	What is this about?	Key things to think about
MFRS 17 Insurance Contracts	1 January 2023. Applies retrospectively, unless impracticable, with specific transitional provisions. Early application is permitted for entities that apply MFRS 9 Financial Instruments on or before the date of initial application of MFRS 17.	• Establishes the requirements for recognition, measurement, presentation, and disclosure of insurance contracts and supersedes MFRS 4 Insurance Contracts • Requires insurance contracts liabilities to be measured using the "General model" • Introduces a simplified measurement model – Premium Allocation Approach, which is a simplification to the General Model to measure the liability for remaining coverage that can be elected as a policy choice when conditions/ criteria are met • Introduces a modification to General Model - Variable Fee Approach which applies to insurance contract with direct participation features that met certain criteria at initial recognition • Introduces the changes in the presentation of financial statements which differs from MFRS 4 • Optional exclusion for insurance contracts that provide insurance coverage only for the settlement of the policyholder's obligation created by the contract. Those contracts typically combine a loan with an agreement from the entity to compensate the borrower if a specified uncertain future event adversely affects the borrower, by waiving some or all of the payments due under the contract • Requires the recognition of insurance acquisition cash flows and allocation of insurance acquisition cash flows using a systematic and rational method • Requires more granular and detailed disclosures in financial statements given the high degree of judgement in the standard • Introduces three possible approaches for transition to MFRS 17, including Full Retrospective Approach, Modified Retrospective Approach and Fair Value Approach	• A project implementation plan to come up with the transition amounts to be recognised on first time adoption • Consider the extent to which substantial changes to processes, IT systems and internal controls can be as a result of both of the new measurement model and new disclosure requirements • Consider how the actuarial valuation and financial reporting systems and data warehouses can be adapted to comply with MFRS 17 calculations • Consider whether the reporting timeframes need to be extended or reviewed to accommodate the extra calculations and disclosures required by the new standard • Consider what education and communications are required for the analysts and regulators during the transition period and subsequently • Consider the need of access to additional granular data. E.g. cash flows, discount rates, and risk adjustments (including forward looking projections and past projections) • Consider the need of business strategy changes to produce a stronger, less volatile, and growing business as profit drivers change • Consider the potential tax impact

Amended Standards	Effective date	What is this about?	Key things to think about
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020. Applies retrospectively, unless impracticable or involves undue cost or effort.	• Amendments to update the references and quotations in 14 standards so as to clarify the version of the Conceptual Framework these Standards refer to • The 14 standards affected: MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Interpretation 12, IC interpretation 19, IC Interpretation 20, IC Interpretation 22, and SIC Interpretation 132	• N/A
Definition of a Business (Amendments to MFRS 3)	Applies prospectively to all business combinations and asset acquisitions for which acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Early application is permitted.	• The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others • In addition to amending the wording of the definition, guidance and illustrative examples have been added to help entities assess whether a substantive process has been acquired • Removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business	• Consider whether an entity has acquired a business or a group of assets in an acquisition transaction • Whether existing accounting policy is consistent with the amendments
Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020. Applies prospectively. Early application is permitted.	• The amendments defines the term "material" as information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity	• With the introduction of the concept of 'obscuring', consider whether there will be any impact to the information presented in the financial statements
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020. Applies retrospectively. Early application is permitted.	• Affects entities that apply the hedge accounting requirements of MFRS 9 or MFRS 139 to hedging relationships directly affected by the interest rate benchmark reform • Modifies specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform • Mandatorily applies to all hedging relationships that are directly affected by the interest rate benchmark reform • The amendments are not intended to provide relief from any other consequences arising from the interest rate benchmark reform. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended Standards, then discontinuation of hedge accounting is still required	• Consider whether ineffective hedging is resulted by the uncertainty arising from the interest rate benchmark reform, which may require judgement in its determination • Additional disclosures are required if the relief is availed

Amended Standards	Effective date	What is this about?	Key things to think about
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2023. Applies retrospectively. Early application is permitted.	• Clarifies the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period • Specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability • Explains that rights are in existence if covenants are complied with at the end of the reporting period • Introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services	• Consider whether existing classification of liabilities requires reclassification to align with the amendments • Consider guidance in MFRS Application and Implementation Guide 2 (MAIG 2) issued by the MFRS Application and Implementation Committee (MAIC)
COVID-19-Related Rent Concessions (Amendment to MFRS 16)	1 June 2020. Applies retrospectively. Early application is permitted, including financial statements that are not yet authorised for issue at 28 May 2020.	• Provides a practical expedient to lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications • If availed, requires lessees to account for such rent concessions as if they were not lease modifications • Applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021 • Cumulative effect of applying the practical expedient is recognised as an adjustment to the opening retained earnings (or other component of equity, as appropriate)	• Consider whether to avail the practical expedient • Consider whether such rent concessions fulfill the criteria to apply the practical expedient which may require judgement in its determination
Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022. Applies prospectively. Early application is permitted.	• Updates references to the 2018 Conceptual Framework instead of the 1989 Framework • Adds a requirement that, for transactions and other events within the scope of MFRS 137 or IC Interpretation 21, an acquirer applies MFRS 137 or IC Interpretation 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination • Has an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination	• Consider whether the acquirer is required to recognise a contingent liability assumed in a business combination at acquisition date

Amended Standards	Effective date	What is this about?	Key things to think about
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022. Applies retrospectively, but only to items of property, plant and equipment that ar brought in on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Early application is permitted.	• Prohibits deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management • Requires the proceeds from selling such items, and the cost of producing those items, to be recognised in profit or loss • Cumulative effect arising on initial application of the amendment is recognised as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented	• Consider whether existing accounting policy requires revision to align with the amendments
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137)	1 January 2022. Applies prospectively. Early application is permitted.	• Specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract' • Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts	• Consider whether existing contracts which are not onerous under the current accounting requirements will potentially turn onerous when the amendments become effective as these amendments are to be applied to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Applies prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The effective date of 1 January 2016 has been deferred to a date to be determined by MASB.	• Clarifies that in a transaction involving an associate or joint venture, the extent of gain or loss to be recognised depends on whether the assets sold or contributed constitute a business	• Consider whether such transactions meet the definition of a business, which may require judgement in its determination

Annual Improvements to MFRSs 2018 – 2020 Cycle	Effective date	What is this about?	Key things to think about
Subsidiary as a First-time Adopter (Amendments to MFRS 1)	1 January 2022.	• Permits a subsidiary that applies paragraph D16(a) of MFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to MFRSs	• Consider whether existing accounting policy requires revision to align with the amendments
Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendments to MFRS 9)	1 January 2022. Applies prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.	• Clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of MFRS 9 in assessing whether to derecognise a financial liability when there is an exchange between an existing borrower and the lender of debt instruments with substantially different terms (including a substantial modification of the terms of an existing financial liability or part of it) • An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf	• Consider whether existing accounting policy requires revision to align with the amendments
Lease Incentives (Amendments to Illustrative Examples accompanying MFRS 16)	As the amendment to MFRS 16 only regards an illustrative example, no effective date is stated.	• Removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example	• Take note of the deletion
Taxation in Fair Value Measurements (Amendments to MFRS 141)	1 January 2022. Applies prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	• Removes the requirement in paragraph 22 of MFRS 141 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique	• Preparer may now determine whether to use pre-tax or post-tax cash flows and discount rate for the most appropriate fair value measurement

Agenda decision	Effective date	What is this about?	Key things to think about
Over Time Transfer of Constructed Good (MFRS 123)	1 July 2020.	• Clarifies that borrowing costs should not be capitalised when the borrowings relate to the construction of a residential multi-unit real estate development for which revenue is recognised over time	• Consider whether the clarification would result in a change in the current practice and whether to account for such change in accordance with MFRS 108

Staying informed

It is also important to keep up to date with IASB's ongoing projects which may result in changes to current accounting practices because MFRS is an IFRS-compliant framework. Some of the major ongoing projects that are expected to result in new or completely reissued pronouncements to be issued by IASB relate to:

(a) Changes in accounting policies and estimates
(b) Disclosure initiative
(c) Financial instruments – Macro hedge accounting
(d) IBOR reform and the effects on financial reporting – Phase 2
(e) Primary financial statements

Further details of IASB's ongoing projects are available at Deloitte's IAS Plus website (IAS Plus).

Resources

The following IFRS in Focus newsletters and other guidance materials are available at Deloitte's IAS Plus website:

- IASB publishes package of narrow-scope amendments to IFRS Standards
- IASB finalises amendment to IFRS 16 'Leases' regarding COVID-19-related rent concessions
- IASB amends IAS 1 to clarify the classification of liabilities as current or non-current
- A Closer Look — Financial instruments disclosures when applying the amendments to IFRS 9 and IAS 39 on Interest Rate Benchmark Reform
- IASB issues Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7
- IASB amends the definition of a business in IFRS 3
- IFRS 17: Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Revised Conceptual Framework