

**International Financial Reporting Standard**

**Amendments to References to the Conceptual Framework in IFRS Standards**

**March 2018**

**BASES FOR CONCLUSIONS – AMENDMENTS**

**[IFRS 1, 2, 3, 4, 5, 6, 8, 9, 10, 12, 14, 15, 16 & 17, IAS 1, 8, 12, 16, 19, 21, 28, 32, 34, 36, 38, 40 & 41, IFRIC 5, 12, 14, 17, 19, 20 & 22, SIC 29 & 32 and IFRS Practice Statements 1 & 2]**

**[Related to AASB 2019-1]**

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## Amendments to the *Basis for Conclusions on IFRS 1 First-time Adoption of International Financial Reporting Standards*

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The footnote to the second occurrence of '*Framework*' in paragraph BC7 is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

The footnote to '*Framework*, paragraph 14' in paragraph BC93(b) is deleted. Deleted text is struck through.

- \* ~~superseded by Chapter 1 of the *Conceptual Framework*~~

## Amendments to the *Basis for Conclusions on IFRS 2 Share-based Payment*

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The footnote to paragraph BC33(d) is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

The footnote to 'paragraph 70,' in paragraph BC45 is deleted. Deleted text is struck through.

- \* ~~now paragraph 4.25 of the *Conceptual Framework*~~

The footnote to the first sentence in paragraph BC47 is deleted. Deleted text is struck through.

- \* ~~now paragraphs 4.4 and 4.5 of the *Conceptual Framework*~~

The footnote to '(paragraphs 49 and 67)' in paragraph BC62 is deleted. Deleted text is struck through.

\* ~~now paragraphs 4.4 and 4.22 of the *Conceptual Framework*~~

The footnote to '(paragraph 82)' in paragraph BC287 is deleted. Deleted text is struck through.

\* ~~now paragraph 4.37 of the *Conceptual Framework*~~

Paragraphs BC383–BC384 and their related heading are added.

### **Amended quotation from the *Conceptual Framework***

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BC383 In Appendix A, the footnote to the definition of an equity instrument quoted the definition of a liability from the *Conceptual Framework for Financial Reporting* issued in 2010. Following the issue of the revised *Conceptual Framework for Financial Reporting* in 2018 (2018 *Conceptual Framework*), *Amendments to References to the Conceptual Framework in IFRS Standards* amended the footnote to quote the revised definition of a liability from the 2018 *Conceptual Framework*.

BC384 The 2018 *Conceptual Framework* did not address classification of financial instruments with characteristics of both liabilities and equity. In addition, *Amendments to References to the Conceptual Framework in IFRS Standards* did not amend the guidance on classification of financial instruments in IFRS 2. Therefore the Board does not expect the amendment to the footnote in IFRS 2 to have a significant effect on the application of this Standard.

### **Amendments to the *Basis for Conclusions on IFRS 3 Business Combinations***

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The footnote to '*Framework*' in paragraph BC37 is amended. New text is underlined and deleted text is struck through.

\* ~~In this *Basis for Conclusions* references~~References to the *Framework* ~~in this *Basis for Conclusions* are to the IASB's *Framework for the Preparation and Presentation of Financial Statements*, adopted by the IASB in 2001 and in effect when the Standard was developed. In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

The footnote to the second sentence in paragraph BC37 is deleted. Deleted text is struck through.

\* ~~superseded by Chapter 1 of the Conceptual Framework.~~

Paragraphs BC114A–BC114B are added.

BC114A IFRS 3 contains references to the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements (Framework)*. It requires those definitions to be used when deciding whether to recognise assets and liabilities as part of a business combination. In developing the revised *Conceptual Framework for Financial Reporting*, issued in 2018 (*2018 Conceptual Framework*), the IASB considered whether it should replace those references with references to the revised definitions in the *2018 Conceptual Framework*. In some cases, applying the revised definitions could change which assets and liabilities qualify for recognition in a business combination. In some such cases, the post-acquisition accounting required by other IFRS Standards could then lead to immediate derecognition of assets or liabilities recognised in a business combination, resulting in so-called *Day 2 gains or losses* that do not depict an economic gain or loss.

BC114B Although the IASB intended to replace all references to the *Framework* with references to the *2018 Conceptual Framework*, the IASB did not intend to make significant changes to the requirements of IFRS Standards containing those references. Consequently, the IASB decided to retain the reference to the *Framework* in paragraph 11 of IFRS 3 until it completes an analysis of the possible consequences of referring in that paragraph to the revised definitions of an asset and a liability. Once that analysis is complete, the IASB intends to amend IFRS 3 to replace the reference to the *Framework* in a way that avoids unintended consequences, such as *Day 2 gains or losses*.

The footnote to '*Framework*' in paragraph BC153 is deleted. Deleted text is struck through.

\* ~~now paragraph 4.41 of the Conceptual Framework~~

The footnote to '*Framework*' in paragraph BC322 is deleted. Deleted text is struck through.

\* ~~now paragraph 4.8 of the Conceptual Framework.~~

## Amendments to the *Basis for Conclusions on IFRS 4 Insurance Contracts*

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The footnote to '*Framework*' in paragraph BC8 is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

The footnote to '*Framework*,' in paragraph DO3 of the Dissent of Mary E Barth, Robert P Garnett, Gilbert G elard, James J Leisenring and John T Smith is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Dissent are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

## Amendment to the *Basis for Conclusions on IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*

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The footnote to the first occurrence of '*Framework*' in paragraph BC62 is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting. Paragraphs 12 and 15 were superseded by Chapter 1 of the Conceptual Framework.~~

## Amendments to the *Basis for Conclusions on IFRS 6 Exploration for and Evaluation of Mineral Resources*

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The footnote to '*Framework's*' in paragraph BC7 is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

Paragraph BC67 and its related heading are added.

### Amended reference to the *Conceptual Framework*

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- BC67 Following the issue of the revised *Conceptual Framework for Financial Reporting* in 2018 (2018 *Conceptual Framework*), the Board issued *Amendments to References to the Conceptual Framework in IFRS Standards*. In IFRS 6, that document replaced a reference in paragraph 10 to the *Framework* with a reference to the 2018 *Conceptual Framework*. The Board does not expect that replacement to have a significant effect on the application of the Standard for the following reasons:
- (a) The Board does not expect the application of the revised definition of an asset, together with the revised recognition criteria, to lead to significant changes in practice for entities that applied the *Framework* when developing their accounting policies for recognition of assets arising from development of mineral resources. Although the Board replaced the probability and reliability recognition criteria with recognition criteria based on the qualitative characteristics of useful financial information, the 2018 *Conceptual Framework* specifies low probability of an inflow or outflow of economic benefits and measurement uncertainty as factors to be considered in decisions about recognition.
  - (b) Entities that apply IAS 38 to develop their accounting policies for recognition of assets arising from development of mineral resources will not be affected by the amendment of the reference to the *Framework* in IFRS 6.



The footnote to '*Framework*' in paragraph DO2 of the Dissent of Robert P Garnett, James J Leisenring, Warren J McGregor and John T Smith is amended. New text is underlined and deleted text is struck through.

- \* The reference to the *Framework* is to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

### **Amendment to the *Basis for Conclusions on IFRS 8 Operating Segments***

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The footnote to '*Framework*' in paragraph DO2 of the Dissent of Stephen Cooper from the amendment issued in April 2009 is amended. New text is underlined and deleted text is struck through.

- \* The reference to the *Framework* is to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was amended. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

### **Amendments to the *Basis for Conclusions on IFRS 9 Financial Instruments***

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The footnote to '*Framework*' in paragraph BCZ3.16 is amended. New text is underlined and deleted text is struck through.

- \* References to the ~~Framework~~Framework in this *Basis for Conclusions* are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB in 2001 and in effect when parts of the Standard were developed and revised. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

A footnote is added to '*Conceptual Framework*' in paragraph BC5.86.

- \* References to the *Conceptual Framework* in this *Basis for Conclusions* are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when parts of the Standard were developed and amended.

A footnote is added to the last sentence in paragraph BC7.40.

\* In 2018 the IASB issued a revised *Conceptual Framework for Financial Reporting*.

The footnote to '*Framework*' in paragraph DO11 of the Dissent of James J Leisenring from IFRS 9 *Financial Instruments* (issued 2009) is amended. New text is underlined and deleted text is struck through.

\* The reference to the *Framework* is to the IASC's *Framework for the Preparation and Presentation of Financial Statements*, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

## Amendments to the *Basis for Conclusions on IFRS 10 Consolidated Financial Statements*

Paragraph BCZ157 is amended and a footnote is added to the second sentence in paragraph BCZ157. New text is underlined and deleted text is struck through.

BCZ157 ... The Board concluded that a minority (non-controlling) interest is not a liability because it did not meet the definition of a liability in the *Framework for the Preparation and Presentation of Financial Statements* ~~(replaced in 2010 by the *Conceptual Framework for Financial Reporting*).~~\*

\* References to the *Framework* in this *Basis for Conclusions* are to the IASC's *Framework for the Preparation and Presentation of Financial Statements*, adopted by the Board in 2001 and in effect when the Standard was revised and amended.

Paragraph BCZ158 is amended. Deleted text is struck through.

BCZ158 Paragraph 49(b) of the *Framework* ~~(now paragraph 4.4(b) of the *Conceptual Framework*)~~ stated that a liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Paragraph 60 of the *Framework* ~~(now paragraph 4.15 of the *Conceptual Framework*)~~ explained that an essential characteristic of a liability is that the entity has a present obligation and that an obligation is a duty or responsibility to act or perform in a particular way. ...

Paragraph BCZ159 is amended. Deleted text is struck through.

BCZ159 ... Paragraph 49(c) of the *Framework* ~~(now paragraph 4.4(c) of the *Conceptual Framework*)~~ stated that equity is the residual interest in the assets of the entity after deducting all its liabilities.

The footnote to ‘*Framework for the Preparation and Presentation of Financial Statements*,’ in paragraph DO1 of the Dissent of Tatsumi Yamada from IAS 27 (as revised in 2003) is amended. New text is underlined and deleted text is struck through.

- \* The reference is to the IASC’s Framework for the Preparation and Presentation of Financial Statements, was adopted by the IASB Board in 2001 and in effect when the Standard was revised. In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.

An amendment is made to the footnote to ‘*Framework for the Preparation and Presentation of Financial Statements*,’ in paragraph DO6 of the Dissent of Philippe Danjou, Jan Engström, Robert P Garnett, Gilbert Gélard and Tatsumi Yamada from the amendments to IAS 27 issued in January 2008 on the accounting for non-controlling interests and the loss of control of a subsidiary. New text is underlined and deleted text is struck through.

- \* The reference is to the IASC’s Framework for the Preparation and Presentation of Financial Statements, was adopted by the IASB Board in 2001 and in effect when the Standard was amended. In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.

## **Amendments to the *Basis for Conclusions on IFRS 12 Disclosure of Interests in Other Entities***

Paragraph BC45 is amended and a footnote is added to ‘(*Conceptual Framework*)’ in this paragraph. New text is underlined.

- BC45 The Board decided to require the information for joint arrangements and associates that are material to the reporting entity rather than for significant joint arrangements and associates. The *Conceptual Framework for Financial Reporting* (*Conceptual Framework*)\* defines materiality whereas the term ‘significant’ is undefined and can be interpreted differently. ...

- \* References to the *Conceptual Framework* in this Basis for Conclusions are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was developed.

## Amendments to the *Basis for Conclusions on IFRS 14 Regulatory Deferral Accounts*

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The footnote to '*Framework for the Preparation and Presentation of Financial Statements*' in paragraph BC5 is amended. New text is underlined and deleted text is struck through.

- \* The reference is to the IASC's *Framework for the Preparation and Presentation of Financial Statements*, adopted by the IASB in 2001 and in effect when the Interpretations Committee discussed this matter. ~~In September 2010, the IASB replaced the *Framework for the Preparation and Presentation of Financial Statements* with the *Conceptual Framework for Financial Reporting*. The definitions of assets and liabilities and the criteria for recognising them in the statement of financial position were unchanged.~~

A footnote is added to '(the '*Conceptual Framework*)' in the second sentence in paragraph BC10.

- \* References to the *Conceptual Framework* in this Basis for Conclusions are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was developed.

The footnote to the fourth sentence in paragraph BC10 is deleted. Deleted text is struck through.

- \* ~~The IASB published, in July 2013, the Discussion Paper *A Review of the Conceptual Framework for Financial Reporting*. The deadline for comments was 14 January 2014.~~

A footnote is added to the first sentence in paragraph DO6 of the Dissent of Messrs Edlmann, Gomes and Zhang.

- \* References to the *Conceptual Framework* in this Dissent are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was developed.

### **Amendment to the *Basis for Conclusions on IFRS 15 Revenue from Contracts with Customers***

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A footnote is added to '*Conceptual Framework for Financial Reporting*' in paragraph BC29.

- \* References to the *Conceptual Framework* in this Basis for Conclusions are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was developed.

### **Amendment to the *Basis for Conclusions on IFRS 16 Leases***

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A footnote is added to '*(Conceptual Framework)*' in paragraph BC22.

- \* References to the *Conceptual Framework* in this Basis for Conclusions are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was developed.

### **Amendment to the *Basis for Conclusions on IFRS 17 Insurance Contracts***

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A footnote is added to '*Conceptual Framework for Financial Reporting*' in paragraph BC79.

- \* References to the *Conceptual Framework for Financial Reporting (Conceptual Framework)* in this Basis for Conclusions are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was developed.

### **Amendments to the *Basis for Conclusions on IAS 1 Presentation of Financial Statements***

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The footnote to the second occurrence of '*Framework*' in paragraph BC16 is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Basis for Conclusions are to the IASB's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was revised and amended. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

Paragraphs BC105G–BC105J and their related heading are added.
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### Amended references to the *Conceptual Framework*

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- BC105G Following the issue of the revised *Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework)*, the Board issued *Amendments to References to the Conceptual Framework in IFRS Standards*. In IAS 1, that document replaced references in paragraphs 15, 19–20, 23–24, 28 and 89 to the *Framework* with references to the 2018 *Conceptual Framework*.
- BC105H The Board does not expect the replacement of the references to the *Framework* to have a significant effect on the application of the Standard for the following reasons:
- (a) In paragraph 15, replacing the reference to the *Framework* should not change the assessment of whether the financial statements present fairly the financial position, financial performance and cash flows of an entity. Paragraph 15 explains that the application of IFRS Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve fair presentation. Revisions of the *Conceptual Framework* will not automatically lead to changes in IFRS Standards. Hence, entities are expected to continue applying IFRS Standards in preparing their financial statements even in cases in which the requirements of a particular Standard depart from aspects of the *Conceptual Framework*.
  - (b) In paragraphs 19–20 and 23–24, replacing the reference to the *Framework* means referring to the revised description of the objective of financial statements in the 2018 *Conceptual Framework* instead of the description provided by the *Framework*. The objective did not change substantively—it is an adapted and updated version of the objective of financial statements from the *Framework* and paragraph 9 of IAS 1. Hence, applying the revised objective is not expected to lead to changes in the application of the requirements in paragraphs 19–20 and 23–24.
  - (c) In paragraph 28, replacing the reference to the *Framework* in the discussion of the accrual basis of accounting is not expected to result in any changes because no changes were made to the discussion of the accrual basis of accounting in the 2018 *Conceptual Framework*.
  - (d) In paragraph 89, replacing the reference to the *Framework* means referring to the revised definitions of income and expenses in the 2018 *Conceptual Framework*. The Board concluded that this is unlikely to lead to changes in applying the requirements of IAS 1 because the definitions of income and expenses in the 2018 *Conceptual Framework* were updated only to align them with the revised definitions of an asset and a liability. Moreover, the main purpose of paragraph 89 is to indicate that particular items of income or expenses can be recognised outside profit or loss only if required by other IFRS Standards.
- BC105I IAS 1 referred to the *Framework* in paragraph 7 and quoted the description of users of financial statements from the *Framework*. To retain the requirements of

this paragraph, the Board decided to embed that description in the Standard itself instead of updating the reference and the related quotation.

- BC105J In developing the 2018 *Conceptual Framework* the Board retained the term ‘faithful representation’ as a label for the qualitative characteristic previously called ‘reliability’ (see paragraphs BC2.22–BC2.31 of the Basis for Conclusions on the 2018 *Conceptual Framework*). In order to avoid possible unintended consequences, the Board decided against replacing the term ‘reliability’ with the term ‘faithful representation’ in the Standards at this time.

The footnote to ‘*Framework*’ in paragraph DO4 of the Dissent of Mary E Barth, Anthony T Cope, Robert P Garnett and James J Leisenring from IAS 1 (as revised in September 2007) is amended. New text is underlined and deleted text is struck through.

- \* The reference to the *Framework* is to the IASC’s *Framework for the Preparation and Presentation of Financial Statements*, adopted by the IASB Board in 2001 and in effect when the Standard was revised. ~~In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

A footnote is added to ‘*Conceptual Framework*’ in paragraph DO1 of the Dissent of Paul Pacter from *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1).

- \* References to the *Conceptual Framework* in this Dissent are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was amended.

## **Amendments to the *Basis for Conclusions on IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors***

Paragraph BC7(b) and the footnote to ‘(*Framework*)’, in this paragraph are amended. New text is underlined and deleted text is struck through.

- BC7 ...
- (b) ... This information possesses a qualitative characteristic identified in the *Framework for the Preparation and Presentation of Financial Statements* (*Framework*),\* and provides the most useful information for trend analysis of income and expenses. ...

- \* References to the *Framework* in this Basis for Conclusions are to the IASC’s *Framework for the Preparation and Presentation of Financial Statements*, adopted by the IASB Board in 2001 and in effect when the Standard was revised. ~~In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

The footnote to paragraph BC17(b) is amended. New text is underlined and deleted text is struck through.

\* In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*. In 2018 the Board issued a revised *Conceptual Framework for Financial Reporting (Conceptual Framework)*. The Board also issued *Amendments to References to the Conceptual Framework in IFRS Standards*. That document replaced the reference to the *Framework* in paragraph 11(b) of IAS 8 with a reference to the *Conceptual Framework*, except in the case of some regulatory account balances, as explained in paragraphs 54G of IAS 8 and BC38–BC40.

Paragraphs BC34–BC41 and their related heading are added.

### **Amended references to the *Conceptual Framework***

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- BC34 Following the issue of the revised *Conceptual Framework for Financial Reporting* in 2018 (2018 *Conceptual Framework*), the Board issued *Amendments to References to Conceptual Framework in IFRS Standards*. In IAS 8, that document amended paragraphs 6 and 11(b).
- BC35 Paragraph 6 of IAS 8 quoted the description of users of financial statements from the *Framework*. To retain the requirements of this paragraph, the Board decided to embed that description of users in the Standard itself instead of updating the reference and the related quotation.
- BC36 *Amendments to References to the Conceptual Framework in IFRS Standards* replaced the reference in paragraph 11(b) to the *Framework* with a reference to the 2018 *Conceptual Framework*. Following this replacement, if management developed accounting policies in accordance with paragraph 11(b), management will need to review whether those policies are still consistent with the 2018 *Conceptual Framework*.
- BC37 The Board analysed the effects on preparers of financial statements of replacing the reference to the *Framework* in paragraph 11(b) of IAS 8 and discussed the results of the analysis at the November 2016 Board meeting (see November 2016 AP10G *Effects of the proposed changes to the Conceptual Framework on preparers*). The analysis suggested that the scope of any changes to preparers' accounting policies is likely to be limited because:
- (a) most preparers of financial statements do not develop accounting policies by reference to the *Framework* because most transactions are:
    - (i) covered by IFRS Standards;
    - (ii) accounted for by applying accounting policies developed using other sources referred to in paragraphs 11–12 of IAS 8; or



- (iii) exempt from the requirement to apply paragraph 11 of IAS 8; for example, IFRS 6 *Exploration for and Evaluation of Mineral Resources* exempts entities from applying paragraph 11 of IAS 8 to the recognition and measurement of exploration and evaluation assets; and
- (b) in most of the few remaining areas, application of the revised concepts in the 2018 *Conceptual Framework* would be expected to result in similar accounting outcomes to application of the concepts in the *Framework*.

### **Application by rate-regulated entities**

- BC38 While assessing possible effects of updating the reference to the *Framework* in IAS 8, the Board identified a potential disadvantage for entities that conduct rate-regulated activities and develop their accounting policies for regulatory account balances by reference to the *Framework* rather than by applying IFRS 14 *Regulatory Deferral Accounts*. If the reference to the *Framework* had been updated, such entities might have needed to revise those accounting policies twice within a short period of time—first, when the 2018 *Conceptual Framework* comes into effect; and, later, when a new IFRS Standard on rate-regulated activities is issued. In the absence of specific guidance, there might have been uncertainty about what would be acceptable if the 2018 *Conceptual Framework* was applied. Establishing what would be acceptable might have been costly and the outcome might have been diversity in practice and a loss of trend information for users.
- BC39 To prevent unhelpful and unnecessary disruption for users of the financial statements of entities that conduct rate-regulated activities and for the entities themselves, the Board provided a temporary exception: paragraph 54G prohibits entities from applying the 2018 *Conceptual Framework* to accounting policies relating to regulatory account balances. Instead, entities are required to continue to apply the *Framework* when developing or revising those accounting policies. Once the Board issues a new IFRS Standard on rate-regulated activities, that prohibition is likely to become unnecessary.
- BC40 The Board based the definition of ‘a regulatory account balance’ on the definition of ‘a regulatory deferral account balance’ in IFRS 14, with one difference: the definition of a regulatory account balance does not mention qualifying for deferral. The reference to deferral in IFRS 14 reflects the fact that IFRS 14 permits continued recognition of some regulatory deferral account balances that an entity previously recognised as assets or liabilities immediately before it adopted IFRS Standards for the first time. In contrast, paragraph 54G of IAS 8 applies only when an entity is not applying IFRS 14 but is instead developing an accounting policy after considering paragraph 11 of IAS 8. Paragraph 54G applies regardless of whether that accounting policy results in recognition of any assets or liabilities, and regardless of whether such recognition could be viewed as deferral.

### **Transition relief**

- BC41 The Board concluded that the retrospective application of revised accounting policies in accordance with IAS 8 would provide the most useful information to users of financial statements. However, in order to keep disruption for users and

preparers of financial statements to a minimum, the Board decided not to require retrospective application of any amendment in *Amendments to References to the Conceptual Framework in IFRS Standards* if doing so would either be impracticable or involve undue cost or effort.

### **Amendment to the *Basis for Conclusions on IAS 12 Income Taxes***

The footnote to 'Framework for the Preparation and Presentation of Financial Statements' in paragraph BC6 is amended. New text is underlined and deleted text is struck through.

- \* The reference is to the IASC's Framework for the Preparation and Presentation of Financial Statements, was adopted by the IASB Board in 2001 and in effect when the SIC discussed this matter. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

### **Amendments to the *Basis for Conclusions on IAS 16 Property, Plant and Equipment***

The footnote to the second sentence in paragraph BC5 is amended. New text is underlined and deleted text is struck through.

- \* References to the Framework in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was revised. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

A footnote is added to 'Conceptual Framework' in paragraph BC67.

- \* References to the *Conceptual Framework* in this Basis for Conclusions are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was amended.

### **Amendments to the *Basis for Conclusions on IAS 19 Employee Benefits***

Paragraph BC53 and the footnote to the first sentence in paragraph BC53 are amended. New text is underlined and deleted text is struck through.

- BC53 Paragraph 63 of IAS 19 is based on the definition of, and recognition criteria for, a liability in the IASC's Framework for the Preparation and Presentation of Financial Statements (Framework).\*

- \* ~~In September 2010 the Board replaced the Framework with the Conceptual Framework for Financial Reporting. References to the Framework in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the Board in 2001 and in effect when the Standard was revised.~~

A footnote is added to 'Conceptual Framework' in paragraph BC90.

- \* The reference to the *Conceptual Framework* is to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was amended.

### **Amendment to the *Basis for Conclusions on IAS 21* The Effects of Changes in Foreign Exchange Rates**

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The footnote to '*Framework for the Preparation and Presentation of Financial Statements*' in paragraph BC25 is amended. New text is underlined and deleted text is struck through.

- \* ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting. The reference is to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the Board in 2001 and in effect when the Standard was revised.~~

### **Amendment to the *Basis for Conclusions on IAS 28* Investments in Associates and Joint Ventures**

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A footnote is added to the last sentence in paragraph BC35.

- \* The reference is to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Standard was amended.

## Amendments to the *Basis for Conclusions on IAS 32 Financial Instruments: Presentation*

The footnote to '*Framework*' in paragraph BC21(b) is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was revised and amended. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

The footnote to the second occurrence of '*Framework*' in paragraph BC27 is deleted. Deleted text is struck through.

- \* ~~now paragraph 4.22 of the Conceptual Framework~~

The footnote to '*Framework*' in paragraph DO2 of the Dissent of James J Leisenring from the issue of IAS 32 in December 2003 is amended. New text is underlined and deleted text is struck through.

- \* The reference to the *Framework* is to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was revised. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

An amendment is made to the footnote to the first sentence in paragraph DO2 of the Dissent of Mary E Barth and Robert P Garnett from the issue of *Puttable Financial Instruments and Obligations Arising on Liquidation* (Amendments to IAS 32 and IAS 1) in February 2008. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Dissent are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was amended. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

## **Amendments to the *Basis for Conclusions on IAS 34 Interim Financial Reporting***

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Paragraphs BC11–BC12 and their related heading are added.

### **Amended references to the *Conceptual Framework***

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- BC11 Following the issue of the revised *Conceptual Framework for Financial Reporting* in 2018 (2018 *Conceptual Framework*), the Board issued *Amendments to References to the Conceptual Framework in IFRS Standards*. In IAS 34, that document replaced references in paragraphs 31 and 33 to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the Board in 2001 (*Framework*) with references to the 2018 *Conceptual Framework*, and updated a related quotation. The Board does not expect that replacement to have a significant effect on the application of the Standard because the Board made no significant changes to the aspects of recognition that those paragraphs refer to—that is, the importance of definitions for recognition.
- BC12 *Amendments to References to the Conceptual Framework in IFRS Standards* also replaced the term ‘balance sheet’ with the term ‘statement of financial position’ in paragraphs 31 and 33 of IAS 34. The term ‘balance sheet’ had been replaced in IFRS Standards following the revision of IAS 1 *Presentation of Financial Statements* in 2007. However, paragraphs 31 and 33 of IAS 34 had not been amended then because the term was part of direct quotations from the *Framework*. Upon issuing the 2018 *Conceptual Framework*, the Board replaced the term ‘balance sheet’ in those paragraphs so that the terminology used in the 2018 *Conceptual Framework* and in IFRS Standards is consistent.

## **Amendments to the *Basis for Conclusions on IAS 36 Impairment of Assets***

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The footnote to ‘*Framework*’ in paragraph BCZ184(a) is amended. New text is underlined and deleted text is struck through.

- \* ~~The reference~~References to the *Framework* in this *Basis for Conclusions* ~~is~~are to the IASB’s *Framework for the Preparation and Presentation of Financial Statements*, adopted by the IASB Board in 2001, and in effect when the Standard was developed and revised. ~~In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

The footnote to the first occurrence of 'Framework' in paragraph BC199 is deleted. Deleted text is struck through.

- \* ~~The references to the Framework are to IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB in 2001. In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

## Amendments to the *Basis for Conclusions on IAS 38 Intangible Assets*

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The footnote to the first occurrence of 'Framework' in paragraph BC18 is amended. New text is underlined and deleted text is struck through.

- \* References to the Framework in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed and revised. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

The footnote to 'Framework,' in paragraph BCZ43 is deleted. Deleted text is struck through.

- \* ~~now paragraph 4.38 of the Conceptual Framework~~

The footnote to 'Framework' in paragraph DO2 of the Dissent of Geoffrey Whittington from IAS 38 issued in March 2004 is amended. New text is underlined and deleted text is struck through.

- \* ~~The references~~References to the Framework in this Dissent are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was revised. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

### **Amendment to the *Basis for Conclusions on IAS 40 Investment Property***

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The footnote to '*Framework*,' in paragraph B63(f) is amended. New text is underlined and deleted text is struck through.

- \* The reference to the *Framework* is to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting. Paragraphs 92 and 93 are now paragraphs 4.47 and 4.48 of the Conceptual Framework.~~

### **Amendment to the *Basis for Conclusions on IAS 41 Agriculture***

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The footnote to '*Framework for the Preparation and Presentation of Financial Statements*' in paragraph B17(c) is amended. New text is underlined and deleted text is struck through.

- \* References to the *Framework* in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, ~~which was~~ adopted by the IASB Board in 2001 and in effect when the Standard was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

### **Amendment to the *Basis for Conclusions on IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds***

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The footnote to '*Framework*' in paragraph BC20 is amended. New text is underlined and deleted text is struck through.

- \* The reference to the *Framework* is to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Interpretation was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

## Amendments to the *Basis for Conclusions on IFRIC 12 Service Concession Arrangements*

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The footnote to 'Framework' in paragraph BC20 is amended. New text is underlined and deleted text is struck through.

- \* References to the Framework in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Interpretation was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

The footnote to 'Framework' in paragraph BC67 is deleted. Deleted text is struck through.

- \* ~~now paragraph 4.46 of the Conceptual Framework~~

## Amendment to the *Basis for Conclusions on IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

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The footnote to 'Framework' in paragraph BC8 is amended. New text is underlined and deleted text is struck through.

- \* The reference to the Framework is to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Interpretation was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~

## Amendments to the *Basis for Conclusions on IFRIC 17 Distributions of Non-cash Assets to Owners*

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The footnote to 'Framework for the Preparation and Presentation of Financial Statements,' in paragraph BC31 is amended. New text is underlined and deleted text is struck through.

- \* ~~now paragraph 4.41 of the Conceptual Framework.~~—References to the Framework in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001 and in effect when the Interpretation was developed. ~~In September 2010 the IASB replaced the Framework with the Conceptual Framework for Financial Reporting.~~



The footnote to the first occurrence of '*Framework*' in paragraph BC51 is deleted. Deleted text is struck through.

~~now paragraph 4.47 of the *Conceptual Framework*~~

The footnote to '*Framework*' in paragraph BC52 is deleted. Deleted text is struck through.

~~now paragraph 4.10 of the *Conceptual Framework*~~

### **Amendments to the *Basis for Conclusions on IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments***

The footnote to '*Framework*' in paragraph BC16 is amended. New text is underlined and deleted text is struck through.

\* References to the *Framework* in this Basis for Conclusions are to the IASC's Framework for the Preparation and Presentation of Financial Statements, adopted by the IASB Board in 2001, and in effect when the Interpretation was developed. ~~In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

The footnote to '(paragraph 70(a))' in paragraph BC24(a) is deleted. Deleted text is struck through.

~~now paragraph 4.25(a) of the *Conceptual Framework*~~

The footnote to '(paragraph 75)' in paragraph BC24(b) is deleted. Deleted text is struck through.

~~now paragraph 4.30 of the *Conceptual Framework*~~

The footnote to '(paragraph 77)' in paragraph BC24(c) is deleted. Deleted text is struck through.

~~now paragraph 4.32 of the *Conceptual Framework*~~

The footnote to '(paragraph 76 of the *Framework*)' in paragraph BC32(a) is deleted.  
Deleted text is struck through.

\* ~~now paragraph 4.31 of the *Conceptual Framework*~~

### **Amendment to the *Basis for Conclusions on IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine***

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A footnote is added to the first sentence in paragraph BC7.

\* The reference is to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Interpretation was developed.

### **Amendment to the *Basis for Conclusions on IFRIC 22 Foreign Currency Transactions and Advance Consideration***

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A footnote is added to '(the *Conceptual Framework*)' in paragraph BC17.

\* References to the *Conceptual Framework for Financial Reporting* in this Basis for Conclusions are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Interpretation was developed.

### **Amendments to the *Basis for Conclusions on SIC-29 Service Concession Arrangements: Disclosures***

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The existing footnote to the first occurrence of '*Framework*' in paragraph 8 is deleted.

\* superseded by Chapter 1 of the *Conceptual Framework*. References to the *Framework* are to IASC's *Framework for the Preparation and Presentation of Financial Statements*, adopted by the IASB in 2001. In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.

A new footnote is added to the first occurrence of '*Framework*' in paragraph 8.

† References to the *Framework* in this Basis for Conclusions are to the IASC's *Framework for the Preparation and Presentation of Financial Statements*, adopted by the IASB in 2001 and in effect when the Interpretation was developed.

The footnote marker to the second occurrence of '*Framework*' in paragraph 8 is deleted.

### **Amendments to the *Basis for Conclusions on SIC-32 Intangible Assets—Web Site Costs***

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Paragraph 19 and its related heading are added.

#### **Amended reference to the *Conceptual Framework***

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19 Following the issue of the revised *Conceptual Framework for Financial Reporting* in 2018 (2018 *Conceptual Framework*), the Board issued *Amendments to References to the Conceptual Framework in IFRS Standards*. In SIC-32, that document replaced a reference in paragraph 5 to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the Board in 2001 (*Framework*) with a reference to the 2018 *Conceptual Framework*. The Board does not expect that replacement to have a significant effect on the application of the Interpretation. Paragraph 5 describes the accounting for expenditure excluded from the scope of the Interpretation. That paragraph also states that this type of expenditure—expenditure on an Internet service provider hosting the entity's web site—is recognised as an expense, so the amendment will not affect the accounting treatment.

### **Amendment to the Basis for Conclusions on IFRS Practice Statement 1 *Management Commentary***

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A footnote is added to the second sentence in paragraph BC11.

\* References to the *Conceptual Framework* in this Basis for Conclusions are to the *Conceptual Framework for Financial Reporting*, issued in 2010 and in effect when the Practice Statement was developed.

**Amendment to the Basis for Conclusions on  
IFRS Practice Statement 2 *Making Materiality Judgements***

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A footnote is added to the first sentence in paragraph BC46.

- \* In 2018 the Board issued a revised *Conceptual Framework*. References to the *Conceptual Framework* in this Practice Statement were updated to refer to the revised *Conceptual Framework*.