AASB Standard **AASB 2014-7**
December 2014

Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

Australian Government
Australian Accounting Standards Board

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PREFACE

Introduction

This Standard makes amendments to the Australian Accounting Standards and Interpretations listed in paragraph 1 of the Standard.

These amendments arise from the issuance of AASB 9 *Financial Instruments* in December 2014.

Main Features of this Standard

Main Requirements

This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014).

It also makes various editorial corrections to Australian Accounting Standards (including an Interpretation).

Application Date

This Standard applies to annual reporting periods beginning on or after 1 January 2018. This Standard shall be applied when AASB 9 (December 2014) is applied. Earlier application is permitted for reporting periods beginning after 24 July 2014 but before 1 January 2018.

ACCOUNTING STANDARD AASB 2014-7

The Australian Accounting Standards Board makes Accounting Standard AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* under section 334 of the *Corporations Act 2001*.

Kris Peach
Dated 17 December 2014 Chair – AASB

ACCOUNTING STANDARD AASB 2014-7

AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM AASB 9 (DECEMBER 2014)

Objective

1 The objective of this Standard is to make amendments to:

(a) AASB 1 *First-time Adoption of Australian Accounting Standards*;

(b) AASB 2 *Share-based Payment*;

(c) AASB 3 *Business Combinations*;

(d) AASB 4 *Insurance Contracts*;

(e) AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*;

(f) AASB 7 *Financial Instruments: Disclosures*;

(g) AASB 13 *Fair Value Measurement*;

(h) AASB 101 *Presentation of Financial Statements*;

(i) AASB 102 *Inventories*;

(j) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*;

(k) AASB 110 *Events after the Reporting Period*;

(l) AASB 112 *Income Taxes*;

(m) AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*;

(n) AASB 121 *The Effects of Changes in Foreign Exchange Rates*;

(o) AASB 123 *Borrowing Costs*;

(p) AASB 128 *Investments in Associates and Joint Ventures*;

(q) AASB 132 *Financial Instruments: Presentation*;

(r) AASB 133 *Earnings per Share*;

(s) AASB 136 *Impairment of Assets*;

(t) AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*;

(u) AASB 139 *Financial Instruments: Recognition and Measurement*;

(v) AASB 1023 *General Insurance Contracts*;

(w) AASB 1038 *Life Insurance Contracts*;

(x) AASB 1049 *Whole of Government and General Government Sector Financial Reporting*;

(y) Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*;

(z) Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*;

(aa) Interpretation 10 *Interim Financial Reporting and Impairment*;

(bb) Interpretation 12 *Service Concession Arrangements*;

(cc) Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*;

(dd) Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*; and (ee) Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*;

as a consequence of the issuance of AASB 9 *Financial Instruments* in December 2014.

Application

2 **Subject to paragraphs 3-6, this Standard applies to:**

(a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;

(b) general purpose financial statements of each other reporting entity; and

(c) financial statements that are, or are held out to be, general purpose financial statements.

3 **In respect of AASB 101 and AASB 108, this Standard applies to:**

(a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;

(b) general purpose financial statements of each reporting entity; and

(c) financial statements that are, or are held out to be, general purpose financial statements.

4 **In respect of AASB 120, this Standard applies to:**

(a) each for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;

(b) general purpose financial statements of each other for-profit reporting entity; and

(c) financial statements of a for-profit entity that are, or are held out to be, general purpose financial statements.

5 In respect of AASB 1038, this Standard applies to each entity that is:

(a) a life insurer; or

(b) the parent in a group that includes a life insurer;

when the entity:

(c) is a reporting entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;

(d) is an other reporting entity and prepares general purpose financial statements; or

(e) prepares financial statements that are, or are held out to be, general purpose financial statements.

6 In respect of AASB 1049, this Standard applies to each government's whole of government general purpose financial statements and General Government Sector financial statements.

7 This Standard applies to annual reporting periods beginning on or after 1 January 2018.

8 Except as noted in paragraphs 9-10 below, this Standard shall be applied when AASB 9 (December 2014) is applied. This Standard may be applied to reporting periods beginning after 24 July 2014 that begin before 1 January 2018, provided that AASB 9 (December 2014) is also applied to the same period. When an entity applies this Standard to such a reporting period, it shall disclose that fact.

9 For annual reporting periods beginning before 1 January 2018, in accordance with paragraph 7.1.2 of AASB 9 an entity may elect to apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss in paragraphs 5.7.1(c), 5.7.7-5.7.9, 7.2.14 and B5.7.5-B5.7.20 of AASB 9 without applying the other requirements in that Standard. Notwithstanding paragraph 8 of this Standard and paragraph Aus1.3 of AASB 9, an entity that applies only those paragraphs shall apply the amendments to paragraphs 10-11 of AASB 7 originally set out in AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* without also applying the amendments set out in paragraphs 9-74 of AASB 2010-7, paragraphs 73-107 of

AASB 2014-1 *Amendments to Australian Accounting Standards*, and paragraphs 13-68 of this Standard. When an entity applies only those paragraphs to such a reporting period, it shall disclose that fact.

10 **Paragraphs 65-66, and paragraphs 102-105 of AASB 2014-1, set out amendments to Interpretation 16 to conform that Interpretation to the requirements in Chapter 6 of AASB 9. These paragraphs do not apply to an entity that elects, in accordance with AASB 9, as its accounting policy to continue to apply the hedge accounting requirements of AASB 139 instead of the requirements in Chapter 6 of AASB 9.**

11 **This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard or an Interpretation, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (…) are used to help provide the context within which amendments are made and also to indicate text that is not amended.**

Commencement

12 **This Standard commences on the day this Standard is made by the Australian Accounting Standards Board.**

Amendments to AASB 1

13 Paragraph 39U is deleted and paragraph 39Y is added as follows:

39U [Deleted by the IASB]

39Y AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 *Amendments to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, amended paragraphs 29, B1–B6, D1, D14, D19 and D20, deleted paragraphs 39B and added paragraphs 29A, B8–B8G, B9, D19A–D19C, D33, E1 and E2. Paragraph 39G, added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 39U, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

14 In Appendix B, paragraph B1 is amended as follows (new text is underlined and deleted text is struck through):

B1 An entity shall apply the following exceptions:

(a) …

(d) classification and measurement of financial assets (paragraphs B8–B8C);

(e) impairment of financial assets (paragraphs B8D–B8G);

(f)~~(e)~~ …

(g)~~(f)~~ …

15 In Appendix B, paragraph B8 and its related heading are amended and a heading and paragraphs B8A– B8G are added as follows:

Classification and measurement of financial ~~assets~~ instruments

B8 An entity shall assess whether a financial asset meets the conditions in paragraph 4.1.2 or the conditions in paragraph 4.1.2A of AASB 9 on the basis of the facts and circumstances that exist at the date of transition to Australian Accounting Standards.

B8A If it is impracticable to assess a modified time value of money element in accordance with paragraphs B4.1.9B–B4.1.9D of AASB 9 on the basis of the facts and circumstances that exist at the date of transition to Australian Accounting Standards, an entity shall assess the contractual cash flow characteristics of that financial asset on the basis of the facts and circumstances that existed at the date of transition to Australian Accounting Standards without taking into account the requirements related to the modification of the time value of money element in paragraphs B4.1.9B–B4.1.9D of AASB 9. (In this case, the entity shall also apply paragraph 42R of AASB 7 but references to 'paragraph 7.2.4 of AASB 9' shall be read to mean this paragraph and references to 'initial recognition of the financial asset' shall be read to mean 'at the date of transition to Australian Accounting Standards'.)

B8B If it is impracticable to assess whether the fair value of a prepayment feature is insignificant in accordance with paragraph B4.1.12(c) of AASB 9 on the basis of the facts and circumstances that exist at the date of transition to Australian Accounting Standards, an entity shall assess the contractual cash flow characteristics of that financial asset on the basis of the facts and circumstances that existed at the date of transition to Australian Accounting Standards without taking into account the exception for prepayment features in paragraph B4.1.12 of AASB 9. (In this case, the entity shall also apply paragraph 42S of AASB 7 but references to 'paragraph 7.2.5 of AASB 9' shall be read to mean this paragraph and references to 'initial recognition of the financial asset' shall be read to mean 'at the date of transition to Australian Accounting Standards'.)

B8C If it is impracticable (as defined in AASB 108) for an entity to apply retrospectively the effective interest method in AASB 9, the fair value of the financial asset or the financial liability at the date of transition to Australian Accounting Standards shall be the new gross carrying amount of that financial asset or the new amortised cost of that financial liability at the date of transition to Australian Accounting Standards.

Impairment of financial assets

B8D An entity shall apply the impairment requirements in Section 5.5 of AASB 9 retrospectively subject to paragraphs 7.2.15 and 7.2.18–7.2.20 of that Standard.

B8E At the date of transition to Australian Accounting Standards, an entity shall use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised (or for loan commitments and financial guarantee contracts the date that the entity became a party to the irrevocable commitment in accordance with paragraph 5.5.6 of AASB 9) and compare that to the credit risk at the date of transition to Australian Accounting Standards (also see paragraphs B7.2.2–B7.2.3 of AASB 9).

B8F When determining whether there has been a significant increase in credit risk since initial recognition, an entity may apply:

(a) the requirements in paragraph 5.5.10 and B5.5.27–B5.5.29 of AASB 9; and

(b) the rebuttable presumption in paragraph 5.5.11 of AASB 9 for contractual payments that are more than 30 days past due if an entity will apply the impairment requirements by identifying significant increases in credit risk since initial recognition for those financial instruments on the basis of past due information.

B8G If, at the date of transition to Australian Accounting Standards, determining whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, an entity shall recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date, in which case paragraph B8E(a) applies).

16 In Appendix D, paragraph D19D is deleted and paragraphs D1, D19C and D33 are amended as follows (new text is underlined and deleted text is struck through):

D1 An entity may elect to use one or more of the following exemptions:

(a) …

(j) designation of previously recognised financial instruments (paragraphs D19–<u>D19C</u> ~~D19D~~);

(k) …

D19C <u>For a financial liability that is designated as a financial liability at fair value through profit or loss, an entity shall determine whether the treatment in paragraph 5.7.7 of AASB 9 would create an accounting mismatch in profit or loss on the basis of the facts and circumstances that exist</u> ~~If it is impracticable (as defined in AASB 108) for an entity to apply retrospectively the effective interest method or the impairment requirements in paragraphs 58-65 and AG84-AG93 of AASB 139, the fair value of the financial asset at the date of transition to Australian Accounting Standards shall be the new amortised cost of that financial asset~~ at the date of transition to Australian Accounting Standards.

D19D [Deleted by the IASB]

D33 <u>AASB 9</u> ~~AASB 139~~ permits some contracts to buy or sell a non-financial item to be designated at inception as measured at fair value through profit or loss (see paragraph <u>2.5 of AASB 9</u> ~~5A of AASB 139~~). Despite this requirement an entity is permitted to designate, at the date of transition to Australian Accounting Standards, contracts that already exist on that date as measured at fair value through profit or loss but only if they meet the requirements of paragraph 2.5 of AASB 9 ~~5A of AASB 139~~ at that date and the entity designates all similar contracts.

17 In Appendix E, paragraphs E1 and E2 are amended as follows (new text is underlined and deleted text is struck through):

E1 ~~In its first Australian-Accounting-Standards financial statements, an entity that (a) adopts Australian Accounting Standards for annual reporting periods beginning before 1 January 2012 and (b) applies AASB 9 shall present at least one year of comparative information. However, this comparative information need not comply with AASB 7~~ ~~*Financial Instruments: Disclosures*~~ ~~or AASB 9, to the extent that the disclosures required by AASB 7 relate to items within the scope of AASB 9.~~ If an entity's *first Australian-Accounting-Standards reporting period* begins before 1 January 2019 and the entity applies the completed version of AASB 9 (issued in December 2014), the comparative information in the entity's first Australian-Accounting-Standards financial statements need not comply with AASB 7 *Financial Instruments: Disclosure* or the completed version of AASB 9 (issued in December 2014), to the extent that the disclosures required by AASB 7 relate to items within the scope of AASB 9. For such entities, references to the 'date of transition to Australian Accounting Standards' shall mean, in the case of AASB 7 and AASB 9 (December 2014) only, the beginning of the first Australian-Accounting-Standards reporting period.

E2 An entity that chooses to present comparative information that does not comply with AASB 7 and the completed version of AASB 9 (issued in December 2014) in its first year of transition shall:

(a) apply the ~~recognition and measurement~~ requirements of its previous GAAP in place of the requirements of AASB 9 to comparative information about items within the scope of AASB 9.

(b) disclose this fact together with the basis used to prepare this information.

(c) treat any adjustment between the statement of financial position at the comparative period's reporting date (ie the statement of financial position that includes comparative information under previous GAAP) and the statement of financial position at the start of the first Australian-Accounting-Standards reporting period ~~*first Australian-Accounting-Standards reporting period*~~ (ie the first period that includes information that complies with AASB 7 and the completed version of AASB 9 (issued in December 2014)) as arising from a change in accounting policy and give the disclosures required by paragraph 28(a)-(e) and (f)(i) of AASB 108. Paragraph 28(f)(i) applies only to amounts presented in the statement of financial position at the comparative period's reporting date.

(d) apply paragraph 17(c) of AASB 101 to provide additional disclosures when compliance with the specific requirements in Australian Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Amendments to AASB 2

18 Paragraph 6 is amended (new text is underlined and deleted text is struck through) and paragraph 63C is added as follows:

6 This Standard does not apply to share-based payment transactions in which the entity receives or acquires goods or services under a contract within the scope of paragraphs 8-10 of AASB 132 *Financial Instruments: Presentation* or paragraphs 2.4–2.7 of AASB 9 *Financial Instruments* ~~5-7 of AASB 139 *Financial Instruments: Recognition and Measurement*~~.

63C AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, issued in December 2014, amended paragraph 6. An entity shall apply that amendment when it applies AASB 9 (December 2014).

Amendments to AASB 3

19 Paragraph 16 is amended (new text is underlined), paragraph 64H is deleted and paragraph 64L is added as follows:

16 In some situations, Australian Accounting Standards provide for different accounting depending on how an entity classifies or designates a particular asset or liability. Examples of

classifications or designations that the acquirer shall make on the basis of the pertinent conditions as they exist at the acquisition date include but are not limited to:

(a) classification of particular financial assets and liabilities as measured at fair value <u>through profit or loss</u> or at amortised cost, <u>or as a financial asset measured at fair value through other comprehensive income</u> in accordance with AASB 9 *Financial Instruments*;

(b) …

64H [Deleted by the IASB]

64L AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 *Amendments to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* amended paragraphs 16, 42, 53, 56, 58 and B41 and deleted paragraph 64A. Paragraph 64D, added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 64H, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

20 In Appendix B, paragraph B41 is amended as follows (new text is underlined):

B41 The acquirer shall not recognise a separate valuation allowance as of the acquisition date for assets acquired in a business combination that are measured at their acquisition-date fair values because the effects of uncertainty about future cash flows are included in the fair value measure. For example, because this Standard requires the acquirer to measure acquired receivables, including loans, at their acquisition-date fair values <u>in accounting for a business combination</u>, the acquirer does not recognise a separate valuation allowance for the contractual cash flows that are deemed to be uncollectible at that date <u>or a loss allowance for expected credit losses</u>.

Amendments to AASB 4

21 Paragraphs 3 and 45 are amended (new text is underlined and deleted text is struck through), paragraph 41F is deleted and paragraph 41H is added as follows:

3 This Standard does not address other aspects of accounting by insurers, such as accounting for financial assets held by insurers and financial liabilities issued by insurers (see AASB 132 *Financial Instruments: Presentation*, ~~AASB 139 *Financial Instruments: Recognition and Measurement*,~~ AASB 7 and AASB 9 *Financial Instruments*), except in the transitional provisions in paragraph 45.

41F [Deleted by the IASB]

41H AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 *Amendments to Australian Accounting Standards* and 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* amended paragraphs 3, 4(d), 7, 8, 12, 34(d), 35, 45 and B18–B20 and Appendix A and deleted paragraph 41C. Paragraph 41D, added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 41F, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

45 ~~Despite~~ <u>Notwithstanding</u> paragraph 4.4.1 of AASB 9, when an insurer changes its accounting policies for insurance liabilities, it is permitted, but not required, to reclassify some or all of its financial assets so that they are measured at fair value <u>through profit or loss</u>. This reclassification is permitted if an insurer changes accounting policies when it first applies this Standard and if it makes a subsequent policy change permitted by paragraph 22. The reclassification is a change in accounting policy and AASB 108 applies.

Amendments to AASB 5

22 Paragraph 44J is deleted and paragraph 44K is added as follows:

44J [Deleted by the IASB]

44K AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 5. Paragraph 44F, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. Paragraph 44J, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 7

23 Paragraphs 3, 4, 8, 9, 12C, 12D and the heading above paragraph 11A are amended (new text is underlined and deleted text is struck through) and paragraph 5A is added as follows:

3 This Standard shall be applied by all entities to all types of financial instruments, except:

(a) those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with AASB 10 *Consolidated Financial Statements*, AASB 127 *Separate Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*. However, in some cases, AASB 10, AASB 127 or AASB 128 require or permit an entity to account for an interest in a subsidiary, associate or joint venture using AASB 9; in those cases, entities shall apply the requirements of this Standard <u>and, for those measured at fair value, the requirements of AASB 13 *Fair Value Measurement*</u>. Entities shall also apply this Standard to all derivatives linked to interests in subsidiaries, associates or joint ventures unless the derivative meets the definition of an equity instrument in AASB 132;

(b) …

(e) financial instruments, contracts and obligations under share-based payment transactions to which AASB 2 *Share-based Payment* applies, except that this Standard applies to contracts within the scope of ~~paragraphs 5-7 of AASB 139~~ <u>AASB 9</u>; and

(f) …

4 This Standard applies to recognised and unrecognised financial instruments. Recognised financial instruments include financial assets and financial liabilities that are within the scope of AASB 9. Unrecognised financial instruments include some financial instruments that, although outside the scope of AASB 9, are within the scope of this Standard ~~(such as some loan commitments)~~.

5A The credit risk disclosure requirements in paragraphs 35A–35N apply to those rights that AASB 15 *Revenue from Contracts with Customers* specifies are accounted for in accordance with AASB 9 for the purposes of recognising impairment gains or losses. Any reference to financial assets or financial instruments in these paragraphs shall include those rights unless otherwise specified.

8 The carrying amounts of each of the following categories, as specified in AASB 9, shall be disclosed either in the statement of financial position or in the notes:

(a) financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of AASB 9 and (ii) those mandatorily measured at fair value through profit or loss in accordance with AASB 9;

(b) …

(h) financial assets measured at fair value through other comprehensive income, showing separately (i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9; and (ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of AASB 9.

9 If the entity has designated as measured at fair value through profit or loss a financial asset (or group of financial assets) that would otherwise be measured at fair value through other comprehensive income or amortised cost, it shall disclose:

(a) …

(b) the amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk (see paragraph 36(b));

(c) …

Investments in equity instruments designated ~~Financial assets measured~~ at fair value through other comprehensive income

11A …

12C For each reporting period following reclassification until derecognition, an entity shall disclose for assets reclassified out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income in accordance with paragraph 4.4.1 of AASB 9:

(a) the effective interest rate determined on the date of reclassification; and

(b) the interest revenue ~~income or expense~~ recognised.

12D If, since its last annual reporting period, an entity has reclassified financial assets out of the fair value through other comprehensive income category so that they are measured at amortised cost or out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income ~~since its last annual reporting date,~~ it shall disclose:

(a) …

(b) the fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets had not been reclassified.

24 Paragraph 16 is deleted and paragraph 16A is added as follows:

16 [Deleted by the IASB]

16A The carrying amount of financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9 is not reduced by a loss allowance and an entity shall not present the loss allowance separately in the statement of financial position as a reduction of the carrying amount of the financial asset. However, an entity shall disclose the loss allowance in the notes to the financial statements.

25 Paragraphs 20 and 24C are amended as follows (new text is underlined and deleted text is struck through):

20 An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:

(a) net gains or net losses on:

(i) financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of AASB 9, and those on financial assets or financial liabilities that are mandatorily measured at fair value through profit or loss in accordance with AASB 9 (e.g. financial liabilities that meet the definition of held for trading in AASB 9). For financial liabilities designated as at fair value through profit or loss, an entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss;

(ii)-(iv) …

(vi) …; ~~and~~

(vii) investments in equity instruments designated ~~financial assets measured~~ at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9;~~.~~and

(viii) financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.

(b) total interest revenue ~~income~~ and total interest expense (calculated using the effective interest method) for financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9 (showing these amounts separately); or financial liabilities that are not measured at fair value through profit or loss; and

(c) fee income and expense (other than amounts included in determining the effective interest rate) arising from:

(i) financial assets and ~~measured at amortised cost or~~ financial liabilities that are not at fair value through profit or loss; and

(ii) …~~;~~

(d) [deleted by the IASB]

(e) [deleted by the IASB]

24C An entity shall disclose, in a tabular format, the following amounts separately by risk category for the types of hedges as follows:

(a) for fair value hedges:

(i) hedge ineffectiveness – i.e. the difference between the hedging gains or losses of the hedging instrument and the hedged item – recognised in profit or loss (or other comprehensive income for hedges of an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income in accordance with paragraph 5.7.5 of AASB 9); and

(ii) …

26 Several headings and paragraphs 35A, 35B, 35C-35N and a note concerning paragraph 35C are added as follows:

Scope and objectives

35A An entity shall apply the disclosure requirements in paragraphs 35F–35N to financial instruments to which the impairment requirements in AASB 9 are applied. However:

(a) for trade receivables, contract assets and lease receivables, paragraph 35J applies to those trade receivables, contract assets or lease receivables on which lifetime expected credit losses are recognised in accordance with paragraph 5.5.15 of AASB 9, if those financial assets are modified while more than 30 days past due; and

(b) paragraph 35K(b) does not apply to lease receivables.

35B The credit risk disclosures made in accordance with paragraphs 35F–35N shall enable users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows. To achieve this objective, credit risk disclosures shall provide:

(a) information about an entity's credit risk management practices and how they relate to the recognition and measurement of expected credit losses, including the methods, assumptions and information used to measure expected credit losses;

(b) quantitative and qualitative information that allows users of financial statements to evaluate the amounts in the financial statements arising from expected credit losses, including changes in the amount of expected credit losses and the reasons for those changes; and

(c) information about an entity's credit risk exposure (ie the credit risk inherent in an entity's financial assets and commitments to extend credit) including significant credit risk concentrations.

35C [Deleted by the AASB]

35D To meet the objectives in paragraph 35B, an entity shall (except as otherwise specified) consider how much detail to disclose, how much emphasis to place on different aspects of the disclosure requirements, the appropriate level of aggregation or disaggregation, and whether users of financial statements need additional explanations to evaluate the quantitative information disclosed.

35E If the disclosures provided in accordance with paragraphs 35F–35N are insufficient to meet the objectives in paragraph 35B, an entity shall disclose additional information that is necessary to meet those objectives.

The credit risk management practices

35F An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses. To meet this objective an entity shall disclose information that enables users of financial statements to understand and evaluate:

(a) how an entity determined whether the credit risk of financial instruments has increased significantly since initial recognition, including, if and how:

(i) financial instruments are considered to have low credit risk in accordance with paragraph 5.5.10 of AASB 9, including the classes of financial instruments to which it applies; and

(ii) the presumption in paragraph 5.5.11 of AASB 9, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has been rebutted;

(b) an entity's definitions of default, including the reasons for selecting those definitions;

(c) how the instruments were grouped if expected credit losses were measured on a collective basis;

(d) how an entity determined that financial assets are credit-impaired financial assets;

(e) an entity's write-off policy, including the indicators that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off but are still subject to enforcement activity; and

(f) how the requirements in paragraph 5.5.12 of AASB 9 for the modification of contractual cash flows of financial assets have been applied, including how an entity:

(i) determines whether the credit risk on a financial asset that has been modified while the loss allowance was measured at an amount equal to lifetime expected credit losses, has improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month expected credit losses in accordance with paragraph 5.5.5 of AASB 9; and

(ii) monitors the extent to which the loss allowance on financial assets meeting the criteria in (i) is subsequently remeasured at an amount equal to lifetime expected credit losses in accordance with paragraph 5.5.3 of AASB 9.

35G An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of AASB 9. For this purpose an entity shall disclose:

(a) the basis of inputs and assumptions and the estimation techniques used to:

   (i) measure the 12-month and lifetime expected credit losses;

   (ii) determine whether the credit risk of financial instruments have increased significantly since initial recognition; and

   (iii) determine whether a financial asset is a credit-impaired financial asset.

(b) how forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information; and

(c) changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes.

Quantitative and qualitative information about amounts arising from expected credit losses

35H To explain the changes in the loss allowance and the reasons for those changes, an entity shall provide, by class of financial instrument, a reconciliation from the opening balance to the closing balance of the loss allowance, in a table, showing separately the changes during the period for:

(a) the loss allowance measured at an amount equal to 12-month expected credit losses;

(b) the loss allowance measured at an amount equal to lifetime expected credit losses for:

   (i) financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets;

   (ii) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired); and

   (iii) trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of AASB 9.

(c) financial assets that are purchased or originated credit-impaired. In addition to the reconciliation, an entity shall disclose the total amount of undiscounted expected credit losses at initial recognition on financial assets initially recognised during the reporting period.

35I To enable users of financial statements to understand the changes in the loss allowance disclosed in accordance with paragraph 35H, an entity shall provide an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance. The information shall be provided separately for financial instruments that represent the loss allowance as listed in paragraph 35H(a)–(c) and shall include relevant qualitative and quantitative information. Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include:

(a) changes because of financial instruments originated or acquired during the reporting period;

(b) the modification of contractual cash flows on financial assets that do not result in a derecognition of those financial assets in accordance with AASB 9;

(c) changes because of financial instruments that were derecognised (including those that were written-off) during the reporting period; and

(d) changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses.

35J To enable users of financial statements to understand the nature and effect of modifications of contractual cash flows on financial assets that have not resulted in derecognition and the effect of such modifications on the measurement of expected credit losses, an entity shall disclose:

(a) the amortised cost before the modification and the net modification gain or loss recognised for financial assets for which the contractual cash flows have been modified during the reporting period while they had a loss allowance measured at an amount equal to lifetime expected credit losses; and

(b) the gross carrying amount at the end of the reporting period of financial assets that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses.

35K To enable users of financial statements to understand the effect of collateral and other credit enhancements on the amounts arising from expected credit losses, an entity shall disclose by class of financial instrument:

(a) the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with AASB 132).

(b) a narrative description of collateral held as security and other credit enhancements, including:

(i) a description of the nature and quality of the collateral held;

(ii) an explanation of any significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period; and

(iii) information about financial instruments for which an entity has not recognised a loss allowance because of the collateral.

(c) quantitative information about the collateral held as security and other credit enhancements (for example, quantification of the extent to which collateral and other credit enhancements mitigate credit risk) for financial assets that are credit-impaired at the reporting date.

35L An entity shall disclose the contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity.

Credit risk exposure

35M To enable users of financial statements to assess an entity's credit risk exposure and understand its significant credit risk concentrations, an entity shall disclose, by *credit risk rating grades*, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts. This information shall be provided separately for financial instruments:

(a) for which the loss allowance is measured at an amount equal to 12-month expected credit losses;

(b) for which the loss allowance is measured at an amount equal to lifetime expected credit losses and that are:

(i) financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets;

(ii) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired); and

(iii) trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of AASB 9.

(c) that are purchased or originated credit-impaired financial assets.

35N For trade receivables, contract assets and lease receivables to which an entity applies paragraph 5.5.15 of AASB 9, the information provided in accordance with paragraph 35M may be based on a provision matrix (see paragraph B5.5.35 of AASB 9).

27 Paragraph 36 is amended (new text is underlined and deleted text is struck through) and paragraph 37 is deleted as follows:

36 For all financial instruments within the scope of this Standard, but to which the impairment requirements in AASB 9 are not applied, ~~A~~an entity shall disclose by class of financial instrument:

(a) the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify for offset in accordance with AASB 132); this disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk; and

(b) a description of collateral held as security and of other credit enhancements, and their financial effect (e.g. ~~a~~ quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with (a) or represented by the carrying amount of a financial instrument)~~;~~. ~~and~~

(c) ~~information about the credit quality of financial assets that are neither *past due* nor impaired.~~ [deleted by the IASB]

(d) …

37 [Deleted by the IASB]

28 A heading and paragraphs 42I–42S are added as follows:

Initial application of AASB 9

42I In the reporting period that includes the date of initial application of AASB 9, the entity shall disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:

(a) the original measurement category and carrying amount determined in accordance with AASB 139 or in accordance with a previous version of AASB 9 (if the entity's chosen approach to applying AASB 9 involves more than one date of initial application for different requirements);

(b) the new measurement category and carrying amount determined in accordance with AASB 9;

(c) the amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss but are no longer so designated, distinguishing between those that AASB 9 requires an entity to reclassify and those that an entity elects to reclassify at the date of initial application.

In accordance with paragraph 7.2.2 of AASB 9, depending on the entity's chosen approach to applying AASB 9, the transition can involve more than one date of initial application. Therefore this paragraph may result in disclosure on more than one date of initial application. An entity shall present these quantitative disclosures in a table unless another format is more appropriate.

42J In the reporting period that includes the date of initial application of AASB 9, an entity shall disclose qualitative information to enable users to understand:

(a) how it applied the classification requirements in AASB 9 to those financial assets whose classification has changed as a result of applying AASB 9.

(b) the reasons for any designation or de-designation of financial assets or financial liabilities as measured at fair value through profit or loss at the date of initial application.

In accordance with paragraph 7.2.2 of AASB 9, depending on the entity's chosen approach to applying AASB 9, the transition can involve more than one date of initial application. Therefore this paragraph may result in disclosure on more than one date of initial application.

42K In the reporting period that an entity first applies the classification and measurement requirements for financial assets in AASB 9 (ie when the entity transitions from AASB 139 to AASB 9 for financial assets), it shall present the disclosures set out in paragraphs 42L–42O of this Standard as required by paragraph 7.2.15 of AASB 9.

42L When required by paragraph 42K, an entity shall disclose the changes in the classifications of financial assets and financial liabilities as at the date of initial application of AASB 9, showing separately:

(a) the changes in the carrying amounts on the basis of their measurement categories in accordance with AASB 139 (ie not resulting from a change in measurement attribute on transition to AASB 9); and

(b) the changes in the carrying amounts arising from a change in measurement attribute on transition to AASB 9.

The disclosures in this paragraph need not be made after the annual reporting period in which the entity initially applies the classification and measurement requirements for financial assets in AASB 9.

42M When required by paragraph 42K, an entity shall disclose the following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost and, in the case of financial assets, that have been reclassified out of fair value through profit or loss so that they are measured at fair value through other comprehensive income, as a result of the transition to AASB 9:

(a) the fair value of the financial assets or financial liabilities at the end of the reporting period; and

(b) the fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets or financial liabilities had not been reclassified.

The disclosures in this paragraph need not be made after the annual reporting period in which the entity initially applies the classification and measurement requirements for financial assets in AASB 9.

42N When required by paragraph 42K, an entity shall disclose the following for financial assets and financial liabilities that have been reclassified out of the fair value through profit or loss category as a result of the transition to AASB 9:

(a) the effective interest rate determined on the date of initial application; and

(b) the interest revenue or expense recognised.

If an entity treats the fair value of a financial asset or a financial liability as the new gross carrying amount at the date of initial application (see paragraph 7.2.11 of AASB 9), the disclosures in this paragraph shall be made for each reporting period until derecognition. Otherwise, the disclosures in this paragraph need not be made after the annual reporting period in which the entity initially applies the classification and measurement requirements for financial assets in AASB 9.

42O When an entity presents the disclosures set out in paragraphs 42K–42N, those disclosures, and the disclosures in paragraph 25 of this Standard, must permit reconciliation between:

(a) the measurement categories presented in accordance with AASB 139 and AASB 9; and

(b) the class of financial instrument

as at the date of initial application.

42P On the date of initial application of Section 5.5 of AASB 9, an entity is required to disclose information that would permit the reconciliation of the ending impairment allowances in accordance with AASB 139 and the provisions in accordance with AASB 137 to the opening loss allowances determined in accordance with AASB 9. For financial assets, this disclosure shall be provided by the related financial assets' measurement categories in accordance with AASB 139 and AASB 9, and shall show separately the effect of the changes in the measurement category on the loss allowance at that date.

42Q In the reporting period that includes the date of initial application of AASB 9, an entity is not required to disclose the line item amounts that would have been reported in accordance with the classification and measurement requirements (which includes the requirements related to amortised cost measurement of financial assets and impairment in Sections 5.4 and 5.5 of AASB 9) of:

(a) AASB 9 for prior periods; and

(b) AASB 139 for the current period.

42R In accordance with paragraph 7.2.4 of AASB 9, if it is impracticable (as defined in AASB 108) at the date of initial application of AASB 9 for an entity to assess a modified time value of money element in accordance with paragraphs B4.1.9B–B4.1.9D of AASB 9 based on the facts and circumstances that existed at the initial recognition of the financial asset, an entity shall assess the contractual cash flow characteristics of that financial asset based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the requirements related to the modification of the time value of money element in paragraphs B4.1.9B–B4.1.9D of AASB 9. An entity shall disclose the carrying amount at the reporting date of the financial assets whose contractual cash flow characteristics have been assessed based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the requirements related to the modification of the time value of money element in paragraphs B4.1.9B–B4.1.9D of AASB 9 until those financial assets are derecognised.

42S In accordance with paragraph 7.2.5 of AASB 9, if it is impracticable (as defined in AASB 108) at the date of initial application for an entity to assess whether the fair value of a prepayment feature was insignificant in accordance with paragraphs B4.1.12(d) of AASB 9 based on the facts and circumstances that existed at the initial recognition of the financial asset, an entity shall assess the contractual cash flow characteristics of that financial asset based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the exception for prepayment features in paragraph B4.1.12 of AASB 9. An entity shall disclose the carrying amount at the reporting date of the financial assets whose contractual cash flow characteristics have been assessed based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the exception for prepayment features in paragraph B4.1.12 of AASB 9 until those financial assets are derecognised.

29 Paragraphs 44I, 44J, 44S–44W and 44Y are deleted and paragraphs 44Z and 44ZA are added as follows:

44I [Deleted by the IASB]

44J [Deleted by the IASB]

44S [Deleted by the IASB]

44T [Deleted by the IASB]

44U [Deleted by the IASB]

44V [Deleted by the IASB]

44W [Deleted by the IASB]

44Y [Deleted by the IASB]

44Z AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 *Amendments to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, amended paragraphs 3, 4, 8–11, 14, 20, 28–30, 36, 42C–42E, Appendix A and paragraphs B1, B5, B9, B10, B22 and B27, deleted paragraphs 12, 12A, 16, 22, 23, 24, 37, 44E, 44F, 44H–44J, 44S–44W, B4 and Appendix D and added paragraphs 5A, 10A, 11A, 11B, 12B–12D, 16A, 20A, 21A–21D, 22A–22C, 23A–23F, 24A–24G, 35A–35N, 42I–42S, 44ZA and B8A–B8J. Paragraph 44N added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 44Y, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014). Those amendments need not be applied to comparative information provided for periods before the date of initial application of AASB 9.

44ZA In accordance with paragraph 7.1.2 of AASB 9, for annual reporting periods prior to 1 January 2018, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss in paragraphs 5.7.1(c), 5.7.7–5.7.9, 7.2.14 and B5.7.5–B5.7.20 of AASB 9 without applying the other requirements in AASB 9. If an entity elects to apply only those paragraphs of AASB 9, it shall disclose that fact and provide on an ongoing basis the related disclosures set out in paragraphs 10–11 of this Standard (as amended by AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*).

30 In Appendix A, the definition of 'credit risk rating grades' is added, the definition of 'past due' is deleted and the paragraph following the definitions is amended as follows (new text is underlined and deleted text is struck through):

<u>**credit risk rating grades**</u>	<u>Rating of credit risk based on the risk of a default occurring on the financial instrument.</u>

…

~~**past due**~~	~~A financial asset is past due when a counterparty has failed to make a payment when contractually due.~~

The following terms are defined in paragraph 11 of AASB 132, paragraph 9 of AASB 139 or Appendix A of AASB 9 or Appendix A of AASB 13 and are used in this Standard with the meaning specified in AASB 132, AASB 139, ~~and~~ AASB 9 and AASB 13.

(a) amortised cost of a financial asset or financial liability;

(b) contract asset;

(c) credit-impaired financial assets;

(d)~~(b)~~ derecognition;

(e)~~(c)~~ derivative;

(f) dividends;

(g)~~(d)~~ effective interest method;

(h)~~(e)~~ equity instrument;

(i) expected credit losses;

(j)~~(f)~~ fair value;

(k)~~(g)~~ financial asset;

(l)~~(h)~~ financial guarantee contract;

(m)~~(i)~~ financial instrument;

(n)~~(j)~~ financial liability;

(o)~~(k)~~ financial liability at fair value through profit or loss;

(p)~~(l)~~ forecast transaction;

(q) gross carrying amount;

(r)~~(m)~~ hedging instrument;

(s)~~(n)~~ held for trading;

(t) impairment gains or losses;

(u) loss allowance;

(v) purchased or originated credit-impaired financial assets;

(w)~~(o)~~ reclassification date; and

(x)~~(p)~~ regular way purchase or sale.

31 In Appendix B, paragraphs B5(d), B5(f) and B5(g) are deleted and a note is added against each paragraph number as follows:

[deleted by the IASB]

32 In Appendix B, several headings and paragraphs B8A–B8J are added as follows:

Credit risk management practices (paragraphs 35F–35G)

B8A Paragraph 35F(b) requires the disclosure of information about how an entity has defined default for different financial instruments and the reasons for selecting those definitions. In accordance with paragraph 5.5.9 of AASB 9, the determination of whether lifetime expected credit losses should be recognised is based on the increase in the risk of a default occurring since initial recognition. Information about an entity's definitions of default that will assist users of financial statements in understanding how an entity has applied the expected credit loss requirements in AASB 9 may include:

(a) the qualitative and quantitative factors considered in defining default;

(b) whether different definitions have been applied to different types of financial instruments; and

(c) assumptions about the cure rate (ie the number of financial assets that return to a performing status) after a default occurred on the financial asset.

B8B To assist users of financial statements in evaluating an entity's restructuring and modification policies, paragraph 35F(f)(i) requires the disclosure of information about how an entity monitors the extent to which the loss allowance on financial assets previously disclosed in accordance with paragraph 35F(f)(ii) are subsequently measured at an amount equal to lifetime expected credit losses in accordance with paragraph 5.5.3 of AASB 9. Quantitative information that will assist users in understanding the subsequent increase in credit risk of modified financial assets may include information about modified financial assets meeting the criteria in paragraph 35F(f)(i) for which the loss allowance has reverted to being measured at an amount equal to lifetime expected credit losses (ie a deterioration rate).

B8C Paragraph 35G(a) requires the disclosure of information about the basis of inputs and assumptions and the estimation techniques used to apply the impairment requirements in AASB 9. An entity's assumptions and inputs used to measure expected credit losses or determine the extent of increases in credit risk since initial recognition may include information obtained from internal historical information or rating reports and assumptions about the expected life of financial instruments and the timing of the sale of collateral.

Changes in the loss allowance (paragraph 35H)

B8D In accordance with paragraph 35H, an entity is required to explain the reasons for the changes in the loss allowance during the period. In addition to the reconciliation from the opening balance to the closing balance of the loss allowance, it may be necessary to provide a narrative explanation of the changes. This narrative explanation may include an analysis of the reasons for changes in the loss allowance during the period, including:

(a) the portfolio composition;

(b) the volume of financial instruments purchased or originated; and

(c) the severity of the expected credit losses

B8E For loan commitments and financial guarantee contracts the loss allowance is recognised as a provision. An entity should disclose information about the changes in the loss allowance for financial assets separately from those for loan commitments and financial guarantee contracts. However, if a financial instrument includes both a loan (ie financial asset) and an undrawn commitment (ie loan commitment) component and the entity cannot separately identify the expected credit losses on the loan commitment component from those on the financial asset component, the expected credit losses on the loan commitment should be recognised together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses should be recognised as a provision.

Collateral (paragraph 35K)

B8F Paragraph 35K requires the disclosure of information that will enable users of financial statements to understand the effect of collateral and other credit enhancements on the amount of expected credit losses. An entity is neither required to disclose information about the fair value of collateral and other credit enhancements nor is it required to quantify the exact value of the collateral that was included in the calculation of expected credit losses (ie the loss given default).

B8G A narrative description of collateral and its effect on amounts of expected credit losses might include information about:

(a) the main types of collateral held as security and other credit enhancements (examples of the latter being guarantees, credit derivatives and netting agreements that do not qualify for offset in accordance with AASB 132);

(b) the volume of collateral held and other credit enhancements and its significance in terms of the loss allowance;

(c) the policies and processes for valuing and managing collateral and other credit enhancements;

(d) the main types of counterparties to collateral and other credit enhancements and their creditworthiness; and

(e) information about risk concentrations within the collateral and other credit enhancements.

Credit risk exposure (paragraphs 35M–35N)

B8H Paragraph 35M requires the disclosure of information about an entity’s credit risk exposure and significant concentrations of credit risk at the reporting date. A concentration of credit risk exists when a number of counterparties are located in a geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. An entity should provide information that enables users of financial statements to understand whether there are groups or portfolios of financial instruments with particular features that could affect a large portion of that group of financial instruments such as concentration to particular risks. This could include, for example, loan-to-value groupings, geographical, industry or issuer-type concentrations.

B8I The number of credit risk rating grades used to disclose the information in accordance with paragraph 35M shall be consistent with the number that the entity reports to key management personnel for credit risk management purposes. If past due information is the only borrower-specific information available and an entity uses past due information to assess whether credit risk has increased significantly since initial recognition in accordance with paragraph 5.5.11 of AASB 9, an entity shall provide an analysis by past due status for those financial assets.

B8J When an entity has measured expected credit losses on a collective basis, the entity may not be able to allocate the gross carrying amount of individual financial assets or the exposure to credit risk on loan commitments and financial guarantee contracts to the credit risk rating grades for which lifetime expected credit losses are recognised. In that case, an entity should apply the requirement in paragraph 35M to those financial instruments that can be directly allocated to a credit risk rating grade and disclose separately the gross carrying amount of financial instruments for which lifetime expected credit losses have been measured on a collective basis.

33 In Appendix B, paragraph B9 is amended as follows (new text is underlined and deleted text is struck through):

B9 Paragraph<u>s 35K(a) and</u> 36(a) require~~s~~ disclosure of the amount that best represents the entity's maximum exposure to credit risk. For a financial asset, this is typically the gross carrying amount, net of:

(a) …

(b) any <u>loss allowance</u> ~~impairment losses~~ recognised in accordance with <u>AASB 9</u> ~~AASB 139~~.

Amendments to AASB 13

34 Paragraph 52 is amended (new text is underlined and deleted text is struck through) and paragraph C5 is added as follows:

52 The exception in paragraph 48 applies only to financial assets, financial liabilities and other contracts within the scope of

~~AASB 139 *Financial Instruments: Recognition and Measurement* or~~ AASB 9 *Financial Instruments* (or AASB 139 *Financial Instruments: Recognition and Measurement*, if AASB 9 has not yet been adopted). The references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, AASB 9 (or AASB 139, if ~~or~~ AASB 9 has not yet been adopted), regardless of whether they meet the definitions of financial assets or financial liabilities in AASB 132 *Financial Instruments: Presentation*.

C5 AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, issued in December 2014, amended paragraph 52. An entity shall apply that amendment when it applies AASB 9 (December 2014).

Amendments to AASB 101

35 The definition of 'other comprehensive income' in paragraph 7 and paragraphs 82 and 123 are amended (new text is underlined and deleted text is struck through), paragraph 139M is deleted and paragraph 139O is added as follows:

7 …

The components of other comprehensive income include:

(a) …

(d) gains and losses from investments in equity instruments designated ~~measured~~ at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 *Financial Instruments*;

(da) gains and losses on financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9;

(e) …

82 In addition to items required by other Australian Accounting Standards, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:

(a) revenue, presenting separately interest revenue calculated using the effective interest method;

(aa) …

(ba) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of AASB 9;

(c) …

(ca) if a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset ~~carrying amount~~ and its fair value at the reclassification date (as defined in AASB 9);

(cb) if a financial asset is reclassified out of the fair value through other comprehensive income measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss;

(d) …

123 In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognises in the financial statements. For example, management makes judgements in determining:

(a) …

(b) …; ~~and~~

(c) …; and

(d) whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

139M [Deleted by the IASB]

139O AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 *Amendments to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, amended paragraphs Aus1.8, 7, 68, 71, 82, 93, 95, 96, 106 and 123 and deleted paragraph 139E. Paragraph 139G, added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 139M, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 102

36 Paragraph 40D is deleted and paragraph 40F is added as follows:

40D [Deleted by the IASB]

40F AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 2(b) and deleted paragraph 40A. Paragraph 40B, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. Paragraph 40D, added by AASB 2014-1 was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 108

37 Paragraph 54D is deleted and paragraph 54E is added as follows:

54D [Deleted by the IASB]

54E AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 53 and deleted paragraph 54A. Paragraph 54B, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. Paragraph 54D, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 110

38 Paragraph 9 is amended (new text is underlined and deleted text is struck through) and paragraph 23B is added as follows:

9 The following are examples of adjusting events after the reporting period that require an entity to adjust the amounts recognised in its financial statements, or to recognise items that were not previously recognised:

(a) …

(b) the receipt of information after the reporting period indicating that an asset was impaired at the end of the reporting period, or that the amount of a previously recognised impairment loss for that asset needs to be adjusted. For example:

(i) the bankruptcy of a customer that occurs after the reporting period usually confirms that the customer was credit-impaired ~~a loss already existed~~ at the end of the reporting period ~~on a trade receivable and that the entity needs to adjust the carrying amount of the trade receivable~~; and

(ii) …

23B AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, issued in December 2014, amended paragraph 9. An entity shall apply that amendment when it applies AASB 9 (December 2014).

Amendments to AASB 112

39 Paragraph 98D is deleted and paragraph 98F is added as follows:

98D [Deleted by the IASB]

98F *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 20 and deleted paragraph 96. Paragraph 97, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. Paragraph 98D, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*

(December 2014). An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 120

40 Paragraph 47 is deleted and paragraph 48 is added as follows:

47 [Deleted by the IASB]

48 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 10A. Paragraph 44, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. Paragraph 47, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 121

41 Paragraph 60I is deleted and paragraph 60J is added as follows:

60I [Deleted by the IASB]

60J AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-1 *Amendments to Australian Accounting Standards* amended paragraphs 3(a), 3(b), 4, 5, 27 and 52(a) and deleted paragraph 60C. Paragraph 60E, added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 60I, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 123

42 Paragraph 6 is amended (new text is underlined and deleted text is struck through) and paragraph 29B is added as follows:

6 Borrowing costs may include:

(a) interest expense calculated using the effective interest method as described in <u>AASB 9</u> ~~AASB 139 *Financial Instruments: Recognition and Measurement*~~;

(b) …

29B AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, issued in December 2014, amended paragraph 6. An entity shall apply that amendment when it applies AASB 9 (December 2014).

Amendments to AASB 128

43 Paragraph 40, 41 and 42 are amended (new text is underlined and deleted text is struck through) and paragraphs 41A-41C and 45A are added as follows:

40 After application of the equity method, including recognising the associate's or joint venture's losses in accordance with paragraph 38, the entity applies paragraphs 41A–41C ~~AASB 139~~ ~~*Financial Instruments: Recognition and Measurement*~~ to determine whether there is any objective evidence that ~~it is necessary to recognise any additional impairment loss with respect to~~ its net investment in the associate or joint venture is impaired.

41 The entity ~~also~~ applies ~~AASB 139~~ the impairment requirements in AASB 9 to its other interests in the associate or joint venture that are in the scope of AASB 9 and that do not constitute part of the net investment. ~~to determine whether any additional impairment loss is recognised with respect to its interest in the associate or joint venture that does not constitute part of the net investment and the amount of that impairment loss.~~

41A The net investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised. Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity about the following loss events:

(a) significant financial difficulty of the associate or joint venture;

(b) a breach of contract, such as a default or delinquency in payments by the associate or joint venture;

(c) the entity, for economic or legal reasons relating to its associate's or joint venture's financial difficulty, granting to the associate or joint venture a concession that the entity would not otherwise consider;

(d) it becoming probable that the associate or joint venture will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for the net investment because of financial difficulties of the associate or joint venture.

41B The disappearance of an active market because the associate's or joint venture's equity or financial instruments are no longer publicly traded is not evidence of impairment. A downgrade of an associate's or joint venture's credit rating or a decline in the fair value of the associate or joint venture, is not of itself, evidence of impairment, although it may be evidence of impairment when considered with other available information.

41C In addition to the types of events in paragraph 41A, objective evidence of impairment for the net investment in the equity instruments of the associate or joint venture includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the associate or joint venture operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

42 Because goodwill that forms part of the carrying amount of ~~an~~ the net investment in an associate or a joint venture is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in AASB 136 *Impairment of Assets*. Instead, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount~~,~~ whenever application of paragraphs 41A–41C ~~AASB 139~~ indicates that the net

investment may be impaired. An impairment loss recognised in those circumstances is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the associate or joint venture. Accordingly, any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the net investment subsequently increases. In determining the value in use of the net investment, an entity estimates:

(a) …

45A AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, issued in December 2014, amended paragraphs 40, 41 and 42 and added paragraphs 41A–41C. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 132

44 Paragraphs 4 and 8 are amended (new text is underlined and deleted text is struck through), paragraph 97P is deleted and paragraph 97R is added as follows:

4 This Standard shall be applied by all entities to all types of financial instruments except:

(a) those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with AASB 10 *Consolidated Financial Statements*, AASB 127 *Separate Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*. However, in some cases, AASB 10, AASB 127 or AASB 128 require or permit an entity to account for an interest in a subsidiary, associate or joint venture using AASB 9 ~~AASB 139~~; in those cases, entities shall apply the requirements of this Standard. Entities shall also apply this Standard to all derivatives linked to interests in subsidiaries, associates or joint ventures;

(b) …

8 This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and

continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements. However, this Standard shall be applied to those contracts that an entity designates as measured at fair value through profit or loss in accordance with paragraph 2.5 of AASB 9 *Financial Instruments* ~~5A of AASB 139 *Financial Instruments: Recognition and Measurement*~~.

97P [Deleted by the IASB]

97R AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 Amendments *to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* amended paragraphs 3, 4, 8, 12, 23, 31, 42, 96C, AG2 and AG30 and deleted paragraph 97F. Paragraph 97H, added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 97P, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 133

45 Paragraph 34 is amended (new text is underlined and deleted text is struck through) and paragraph 74E is added as follows:

34 After the potential ordinary shares are converted into ordinary shares, the items identified in paragraph 33(a)-(c) no longer arise. Instead, the new ordinary shares are entitled to participate in profit or loss attributable to ordinary equity holders of the parent entity. Therefore, profit or loss attributable to ordinary equity holders of the parent entity calculated in accordance with paragraph 12 is adjusted for the items identified in paragraph 33(a)-(c) and any related taxes. The expenses associated with potential ordinary shares include transaction costs and discounts accounted for in accordance with the effective interest method (see ~~paragraph 9 of AASB 139 *Financial Instruments: Recognition and Measurement*~~ AASB 9).

74E AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB (December 2014)*, issued in December 2014, amended paragraph 34. An entity shall apply that amendment when it applies AASB 9 (December 2014).

Amendments to AASB 136

46 Paragraph 4 is amended (new text is underlined and deleted text is struck through), paragraph 140K is deleted and paragraph 140M is added as follows:

4 This Standard applies to financial assets classified as:

(a) subsidiaries, as defined in AASB 10 *Consolidated Financial Statements*;

(b) associates, as defined in AASB 128 *Investments in Associates and Joint Ventures*; and

(c) joint ventures, as defined in AASB 11 *Joint Arrangements*.

For impairment of other financial assets, refer to ~~AASB 139~~ AASB 9.

140K [Deleted by the IASB]

140M AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* amended paragraphs 2(e), 4 and 5 and deleted paragraph 140F. Paragraph 140G, added by AASB 2010-7, was deleted by AASB 2014-1 *Amendments to Australian Accounting Standards*. Paragraph 140K, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to AASB 137

47 Paragraph 98 is deleted and paragraph 101 is added as follows:

98 [Deleted by the IASB]

101 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 2. Paragraph 97, added by AASB 2010-7, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards*. Paragraph 98, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. An entity

shall apply those amendments when it applies AASB 9 (December 2014).

48 In Part C of the Guidance on Implementing AASB 137, Example 9 is deleted.

Amendments to AASB 139

49 Paragraphs 2 and 8 are amended (new text is underlined and deleted text is struck through) and paragraphs 4-7 are deleted as follows:

2 This Standard shall be applied by all entities to all ~~types of~~ financial instruments ~~except~~ within the scope of AASB 9 *Financial Instruments* if, and to the extent that:

(a) ~~those interests in subsidiaries, associates and joint ventures that are accounted for in accordance with AASB 10 *Consolidated Financial Statements*, AASB 127 *Separate Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*. However, in some cases, AASB 10, AASB 127 or AASB 128 require or permit an entity to account for an interest in a subsidiary, associate or joint venture in accordance with some or all of the requirements of this Standard. Entities shall also apply this Standard to *derivatives* on an interest in a subsidiary, associate or joint venture unless the derivative meets the definition of an equity instrument of the entity in AASB 132 *Financial Instruments: Presentation*~~ AASB 9 permits the hedge accounting requirements of this Standard to be applied; and

(b) the financial instrument is part of a hedging relationship that qualifies for hedge accounting in accordance with this Standard. ~~rights and obligations under leases to which AASB 117 *Leases* applies. However:~~

~~(i) lease receivables recognised by a lessor are subject to the derecognition provisions of AASB 9 *Financial Instruments* and impairment provisions of this Standard;~~

~~(ii) finance lease payables recognised by a lessee are subject to the derecognition provisions of AASB 9; and~~

(iii) ~~**derivatives that are embedded in leases are subject to the embedded derivatives provisions of AASB 9;**~~

~~**(c) employers' rights and obligations under employee benefit plans, to which AASB 119 *Employee Benefits* applies;**~~

~~**(d) financial instruments issued by the entity that meet the definition of an equity instrument in AASB 132 (including options and warrants) or that are required to be classified as an equity instrument in accordance with paragraphs 16A and 16B or paragraphs 16C and 16D of AASB 132. However, the holder of such equity instruments shall apply this Standard to those instruments, unless they meet the exception in (a) above;**~~

~~**(e) rights and obligations arising under (i) an insurance contract as defined in AASB 4 *Insurance Contracts*, other than an issuer's rights and obligations arising under an insurance contract that meets the definition of a financial guarantee contract in Appendix A of AASB 9 *Financial Instruments*, or (ii) a contract that is within the scope of AASB 4 because it contains a discretionary participation feature. However, this Standard applies to a derivative that is embedded in a contract within the scope of AASB 4 if the derivative is not itself a contract within the scope of AASB 4. Moreover, if an issuer of financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, the issuer may elect to apply either this Standard or AASB 4 to such financial guarantee contracts (see paragraphs AG4 and AG4A). The issuer may make that election contract by contract, but the election for each contract is irrevocable;**~~

~~(f) [Deleted by the IASB]~~

~~**(g) any forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination within the scope of AASB 3 *Business Combinations* at a future acquisition date. The term of the forward contract should not exceed a reasonable period normally necessary to**~~

~~obtain any required approvals and to complete the transaction;~~

~~(h) loan commitments other than those loan commitments described in paragraph 4. An issuer of loan commitments shall apply AASB 137~~ *~~Provisions, Contingent Liabilities and Contingent Assets~~* ~~to loan commitments that are not within the scope of this Standard. However, all loan commitments are subject to the derecognition provisions of AASB 9;~~

~~(i) financial instruments, contracts and obligations under share-based payment transactions to which AASB 2~~ *~~Share-based Payment~~* ~~applies, except for contracts within the scope of paragraphs 5-7 of this Standard, to which this Standard applies; and~~

~~(j) rights to payments to reimburse the entity for expenditure it is required to make to settle a liability that it recognises as a provision in accordance with AASB 137, or for which, in an earlier period, it recognised a provision in accordance with AASB 137.~~

4-7 [Deleted by the IASB]

8 The terms defined in AASB 13, AASB 9 and AASB 132 are used in this Standard with the meanings specified in Appendix A of AASB 13, Appendix A of AASB 9 and paragraph 11 of AASB 132. AASB 13, AASB 9 and AASB 132 define the following terms:

(a) amortised cost of a financial asset or financial liability;

~~(a)~~(b) derecognition;

~~(b)~~(c) derivative;

(d) effective interest method;

(e) effective interest rate;

~~(c)~~(f) equity instrument;

~~(d)~~(g) fair value;

~~(e)~~(h) financial asset;

(f) ~~financial guarantee contract;~~

~~(g)~~(i) financial instrument; and

~~(h)~~(j) financial liability;

and provide~~s~~ guidance on applying those definitions.

50 In paragraph 9, the 'Definitions Relating to Recognition and Measurement' are deleted.

51 Paragraphs 58-60 and 62-65 are deleted and a note is added against each paragraph number as follows:

[Deleted by the IASB]

52 Paragraphs 71 and 89 are amended (new text is underlined and deleted text is struck through) as follows:

71 If an entity applies AASB 9 ~~(as amended)~~ and has not chosen as its accounting policy to continue to apply the hedge accounting requirements of this Standard (see paragraph ~~7.2.1~~ 7.2.21 of AASB 9), it shall apply the hedge accounting requirements in Chapter 6 of AASB 9. However, for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities, an entity may, in accordance with paragraph 6.1.3 of AASB 9, apply the hedge accounting requirements in this Standard instead of those in AASB 9. In that case the entity must also apply the specific requirements for fair value hedge accounting for a portfolio hedge of interest rate risk (see paragraphs 81A, 89A and AG114-AG132).

89 If a fair value hedge meets the conditions in paragraph 88 during the period, it shall be accounted for as follows:

(a) …

(b) the gain or loss on the hedged item attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognised in profit or loss. This applies if the hedged item is otherwise measured at cost. Recognition of the gain or loss attributable to the hedged risk in profit or loss applies if the hedged item is a financial asset measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9.

53 Paragraphs 103D, 103N, 103P, 103S, 108E and 108F are deleted and a note is added against each paragraph, and paragraph 103U is added as follows:

103D [Deleted by the IASB]

103N [Deleted by the IASB]

103P [Deleted by the IASB]

103S [Deleted by the IASB]

103U AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 *Amendments to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* amended paragraphs 2, 8, 9, 71, 88–90, 96, AG95, AG114, AG118 and the heading above AG133 and deleted paragraphs 1, 4–7, 10–70, 79, 103B, 103D, 103F, 103H–103J, 103L, 103P, 105–107A, 108E–108F, AG1–AG93 and AG96. Paragraph 103O, added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 103S, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

108E [Deleted by the IASB]

108F [Deleted by the IASB]

54 In Appendix A, paragraphs AG1–AG4A, AG5–AG8, AG13, AG16-AG26 and AG84–AG93 are deleted and a note is added against each paragraph number as follows:

[Deleted by the IASB]

Amendments to AASB 1023

55 Paragraphs 15.2.1, 15.2.2, 16.1.2 and 19.2 are amended (new text is underlined and deleted text is struck through) and paragraph 18.5 is deleted as follows:

15.2.1 An insurer applies AASB 9 to its financial assets. Under AASB 9 a financial asset is classified and measured at fair value through profit or loss when:

(a) it does not meet the criteria specified in paragraph 4.1.2 of AASB 9 to be classified at amortised cost; or

(b) it does not meet the criteria specified in paragraph 4.1.2A of AASB 9 to be classified at fair value through other comprehensive income; or

~~(b)~~(c) it is designated as "at fair value through profit or loss" upon initial recognition in accordance with paragraph 4.1.5 of AASB 9.

…

15.2.2 The view adopted in this Standard is that financial assets, within the scope of AASB 9 that back general insurance liabilities, are permitted to be measured at fair value through profit or loss under AASB 9. This is because the measurement of general insurance liabilities under this Standard incorporates current information and measuring the financial assets backing these general insurance liabilities at fair value, eliminates or significantly reduces a potential measurement or recognition inconsistency which would arise if the assets were classified and measured at amortised cost or fair value through other comprehensive income (refer to AASB 9 paragraph B4.1.30(a)).

16.1.2 Under AASB 9 a financial asset is classified and measured at fair value through profit or loss when:

(a) it does not meet the criteria specified in paragraph 4.1.2 of AASB 9 to be classified at amortised cost; or

(b) it does not meet the criteria specified in paragraph 4.1.2A of AASB 9 to be classified at fair value through other comprehensive income; or

~~(b)~~(c) it is designated as "at fair value through profit or loss" upon initial recognition in accordance with paragraph 4.1.5 of AASB 9.

…

18.5 [Deleted by the AASB]

19.2 The following terms are defined in AASB 9 or AASB 132 ~~or AASB 139~~ and are used in this Standard with the meaning specified in those Standards:

(a) …

Amendments to AASB 1038

56 Paragraphs 10.2.1 and 10.2.2 are amended (new text is underlined and deleted text is struck through) and paragraph 19.5 is deleted as follows:

10.2.1 An insurer applies AASB 9 to its financial assets. Under AASB 9 a financial asset is classified and measured at fair value through profit or loss when:

(a) it does not meet the criteria specified in paragraph 4.1.2 of AASB 9 to be classified at amortised cost; or

<u>(b)</u> <u>it does not meet the criteria specified in paragraph 4.1.2A of AASB 9 to be classified at fair value through other comprehensive income, or</u>

~~(b)~~<u>(c)</u> it is designated as “at fair value through profit or loss” upon initial recognition in accordance with paragraph 4.1.5 of AASB 9.

…

10.2.2 The view adopted in this Standard is that, in all but rare cases, financial assets within the scope of AASB 9 that back life insurance liabilities or life investment contract liabilities are permitted to be measured at fair value through profit or loss under AASB 9. This is because the measurement of life insurance liabilities under this Standard incorporates current information and measuring the financial assets backing these life insurance liabilities at fair value eliminates or significantly reduces a potential measurement <u>or recognition</u> inconsistency which would arise if the assets were classified and measured at amortised cost <u>or fair value through other comprehensive income (refer to AASB 9 paragraph B4.1.30(a))</u>.

19.5 [Deleted by the AASB]

Amendments to AASB 1049

57 Paragraphs 14, 20, 22 and are amended (new text is underlined and deleted text is struck through) as follows:

14 Examples of particular optional treatments in Australian Accounting Standards that paragraph 13 of this Standard has the effect of limiting, include:

(a) …

(b) certain financial instruments that may be measured at fair value or on another basis under AASB 9 *Financial Instruments* ~~AASB 139 *Financial Instruments: Recognition and Measurement*~~. Where financial instruments meet the criteria for measurement at fair value under AASB 9 ~~AASB 139~~, they are required to be measured at fair value where the ABS GFS Manual requires market value as the measurement basis.

Although fair value measurement in the statement of financial position may be mandated through paragraph 13 of this Standard, the accounting for changes in fair value in the statement of comprehensive income is not mandated by paragraph 13. Rather, changes in fair value are classified in the statement of comprehensive income in accordance with AASB 9 ~~AASB 139~~. AASB 9 ~~AASB 139~~ anticipates certain financial assets being classified as either:

(i) …

(ii) ~~'available-for-sale'~~ 'fair value through other comprehensive income', with changes in fair value included in the other comprehensive income section of the statement of comprehensive income;

(c) …

20 A GGS equity investment in a government controlled entity that is within the PNFC sector or PFC sector shall be recognised as an asset in the GGS statement of financial position. It shall be measured:

(a) …

Any change in the carrying amount of the investment from period to period shall be accounted for as if the change in carrying amount is a change in fair value and accounted for in a manner consistent with the requirements in AASB 9 ~~AASB 139~~.

22 Income from GGS investments in controlled entities in the PNFC sector and PFC sector is accounted for in accordance with AASB 9 ~~AASB 139~~. Dividends are classified as revenue consistent with AASB 9 ~~AASB 139~~. A change in the carrying amount of the investment over the reporting period that does not arise from the government acquiring or disposing of an interest or undistributed dividends is classified as a gain or loss. The gain or loss is included in the operating result or other comprehensive income, depending on whether the investment is classified in the same manner as 'fair value through profit or loss' investments or in the same manner as 'fair value through other comprehensive income' ~~'available-for-sale'~~ investments consistent with the principles in AASB 9 ~~AASB 139~~.

58 In the Illustrative Examples, references to AASB 139 *Financial Instruments: Recognition and Measurement* are amended to AASB 9 *Financial Instruments.*

Amendments to Interpretation 2

59 Paragraph 18 is deleted and paragraph 19 is added as follows:

18 [Deleted by the IASB]

19 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 *Amendments to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB (December 2014)* amended paragraphs A8 and A10. Paragraph 15, added by AASB 2010-7, was deleted by AASB 2014-7. Paragraph 18, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

60 In the Appendix, paragraph A10 is amended as follows (new text is underlined and deleted text is struck through):

A10 Following the change in its governing charter the co-operative entity can now be required to redeem a maximum of 25 per cent of its outstanding shares or a maximum of 50,000 shares at CU20 each. Accordingly, on 1 January ~~20x3~~ 20X3 the co-operative entity classifies as financial liabilities an amount of CU1,000,000 being the maximum amount payable on demand under the redemption provisions, as determined in accordance with paragraph ~~5.4.3 of AASB 9~~ 47 of AASB 13. It therefore transfers on 1 January ~~20x3~~ 20X3 from equity to financial liabilities an amount of CU200,000, leaving CU2,000,000 classified as equity. In this example the entity does not recognise a gain or loss on the transfer.

Amendments to Interpretation 5

61 Paragraph 14C is deleted and paragraph 14D is added as follows:

14C [Deleted by the IASB]

14D AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraph 5. Paragraph 14A, added by AASB 2010-7, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards*. Paragraph 14C, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).* An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to Interpretation 10

62 Paragraph 13 is deleted and paragraph 14 is added as follows:

13 [Deleted by the IASB]

14 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraphs 1, 2, 7 and 8 and deleted paragraphs 5, 6 and 11. Paragraph 12, added by AASB 2010-7, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards*. Paragraph 13, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).* An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to Interpretation 12

63 Paragraphs 24–25 are amended, paragraph 28C is deleted and paragraph 28D is added as follows (new text is underlined and deleted text is struck through):

24 The amount due from or at the direction of the grantor is accounted for in accordance with AASB 9 as <u>measured at</u>:

(a) ~~at~~ amortised cost; ~~or~~

(b) fair value through other comprehensive income; or

~~(b)~~(c) ~~measured at~~ fair value through profit or loss.

25 If the amount due from the grantor is ~~accounted for~~ measured at amortised cost or fair value through other comprehensive income, AASB 9 requires interest calculated using the effective interest method to be recognised in profit or loss.

28C [Deleted by the IASB]

28D AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* amended paragraphs 23–25 and deleted paragraph 28A. Paragraph 28B, added by AASB 2010-7, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards*. Paragraph 28C, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to Interpretation 16

64 Paragraph 18A is deleted and paragraph 18B is added as follows:

18A [Deleted by the IASB]

18B AASB 2014-7 *Amendments to Australian Accounting Standards*, issued in December 2014, amended paragraphs 3, 5–7, 14, 16, AG1 and AG8(a). Paragraph 18A, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. An entity shall apply those amendments when it applies AASB 9 (December 2014).

65 In paragraph IE5, the amount '€113 million' is amended to '£13 million'.

Amendments to Interpretation 19

66 Paragraph 16 is deleted and paragraph 17 is added as follows:

16 [Deleted by the IASB]

17 AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended) amended paragraphs 4(a), 5, 9 and 10. Paragraph 14, added by AASB 2010-7, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards*. Paragraph 16, added by AASB 2014-1, was deleted by AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*. An entity shall apply those amendments when it applies AASB 9 (December 2014).

Amendments to Interpretation 127

67 The footnote in paragraph 15 is amended to read as follows (new text is underlined and deleted text is struck through):

~~In December 2009 and December 2010 the AASB issued amendments to some of the requirements of AASB 139 and relocated them to AASB 9 *Financial Instruments*.~~ AASB 9 *Financial Instruments* replaced AASB 139. AASB 9 applies to all items that were previously within the scope of AASB 139.