
AMENDMENTS TO STATUTORY BOARD FINANCIAL REPORTING STANDARDS

Improvements to SB-FRSs (issued in March 2018)

The amendments apply for annual reporting periods beginning on or after 1 January 2019.
Earlier application is permitted.

CONTENTS

	<i>Page</i>
INTRODUCTION	3
THE STANDARDS AMENDED	4
AMENDMENTS TO SB-FRS 103 <i>BUSINESS COMBINATIONS</i>	5
AMENDMENTS TO SB-FRS 111 <i>JOINT ARRANGEMENTS</i>	6
AMENDMENTS TO SB-FRS 12 <i>INCOME TAXES</i>	7
AMENDMENTS TO SB-FRS 23 <i>BORROWING COSTS</i>	8

Introduction

This document sets out amendments to Statutory Board Financial Reporting Standards (SB-FRSs) made as part of the Annual Improvements to SB-FRSs.

The Annual Improvements provide a mechanism for dealing efficiently with a collection of minor amendments to SB-FRSs.

An entity shall apply each of the amendments for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted.

The Standards amended

The following table shows the Standards amended and the subject of the amendments.

Standard	Subject of amendment
SB-FRS 103 <i>Business Combinations</i>	Previously held interest in a joint operation
SB-FRS 111 <i>Joint Arrangements</i>	
SB-FRS 12 <i>Income Taxes</i>	Income tax consequences of payments on financial instruments classified as equity
SB-FRS 23 <i>Borrowing Costs</i>	Borrowing costs eligible for capitalisation

Amendments to SB-FRS 103 *Business Combinations*

Paragraphs 42A and 64O are added.

Additional guidance for applying the acquisition method to particular types of business combinations

A business combination achieved in stages

...

- 42A When a party to a joint arrangement (as defined in SB-FRS 111 *Joint Arrangements*) obtains control of a business that is a joint operation (as defined in SB-FRS 111), and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation in the manner described in paragraph 42. In doing so, the acquirer shall remeasure its entire previously held interest in the joint operation.

Effective date and transition

Effective date

...

- 64O *Improvements to SB-FRSs*, issued in March 2018, added paragraph 42A. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

Amendments to SB-FRS 111 *Joint Arrangements*

Paragraph B33CA and paragraph C1AB are added.

Accounting for acquisitions of interests in joint operations

...

B33CA A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in SB-FRS 103. In such cases, previously held interests in the joint operation are not remeasured.

...

Effective date

...

C1AB *Improvements to SB-FRSs*, issued in March 2018, added paragraph B33CA. An entity shall apply those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

Amendments to SB-FRS 12 *Income Taxes*

Paragraphs 57A and 98I are added, the heading of the example below paragraph 52B is amended and paragraph 52B is deleted. New text is underlined and deleted text is struck through.

Measurement

...

- 52B ~~[Deleted] In the circumstances described in paragraph 52A, the income tax consequences of dividends are recognised when a liability to pay the dividend is recognised. The income tax consequences of dividends are more directly linked to past transactions or events than to distributions to owners. Therefore, the income tax consequences of dividends are recognised in profit or loss for the period as required by paragraph 58 except to the extent that the income tax consequences of dividends arise from the circumstances described in paragraph 58(a) and (b).~~

Example illustrating paragraphs 52A and 52B57A

...

...

Recognition of current and deferred tax

...

- 57A An entity shall recognise the income tax consequences of dividends as defined in SB-FRS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date

...

- 98I Improvements to SB-FRSs, issued in March 2018, added paragraph 57A and deleted paragraph 52B. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact. When an entity first applies those amendments, it shall apply them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Amendments to SB-FRS 23 *Borrowing Costs*

Paragraph 14 is amended, and paragraphs 28A and 29D are added. Deleted text is struck through and new text is underlined.

Recognition

...

Borrowing costs eligible for capitalisation

...

- 14 To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the all borrowings of the entity that are outstanding during the period, ~~other than borrowings~~. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

...

Transitional provisions

...

- 28A Improvements to SB-FRSs, issued in March 2018, amended paragraph 14. An entity shall apply those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

Effective date

...

- 29D Improvements to SB-FRSs, issued in March 2018, amended paragraph 14 and added paragraph 28A. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.