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HKFRS / IFRS UPDATE 2014/06

HKFRSs/IFRSs (INCLUDING HK(IFRIC) INTERPRETATIONS/IFRICs) AND AMENDMENTS AVAILABLE FOR EARLY ADOPTION FOR 31 DECEMBER 2013 YEAR ENDS

STATUS
Final

EFFECTIVE DATE
Various

ACCOUNTING IMPACT
May be significant

In order to comply with paragraph 30 in HKAS/IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* entities need to disclose new HKFRS/IFRS that have been issued but are not yet effective where they have decided not apply the new HKFRSs/IFRSs at their reporting date. Disclosures also need to include 'known or reasonably estimable information relevant to assessing the possible impact that application of the new HKFRS/IFRS will have on the entity's financial statement in the period of initial application'.

To comply with the requirements set out above an entity considers disclosing:

(a) The title of the new HKFRS/IFRS

(b) The nature of the impending change or changes in accounting policy

(c) The date by which application of the HKFRS/IFRS is required

(d) The date as at which it plans to apply the HKFRS/IFRS initially

(e) Either:

  (i) A discussion of the impact that initial application of the HKFRS/IFRS is expected to have on the entity's financial statements

  (ii) Or if that impact is not known or reasonably estimable, a statement to that effect.

Where applicable, the relevant BDO HKFRS/IFRS Updates have been referenced to each HKFRS/IFRS and HK(IFRIC) Interpretation below. These can be found on our website from the following link:

BDO *HKFRS/IFRS Update* http://www.bdo.com.hk/web/en/publications/Publications/HKFRS

The list below shows the HKFRSs/IFRSs (and amendments to HKFRSs/IFRSs) that have been issued but are not mandatory effective as at 31 December 2013.

1. HKFRS/IFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards/International Financial Reporting Standards* (Amendments – 2011-2013 Cycle)
2. HKFRS/IFRS 2 *Share-based Payment* (Amendments – 2010-2012 Cycle)
3. HKFRS/IFRS 3 *Business Combinations* (Amendments – 2010-2012 Cycle)
4. HKFRS/IFRS 3 *Business Combinations* (Amendments – 2011-2013 Cycle)
5. HKFRS/IFRS 7 *Financial Instruments: Disclosures* (Amendments - Transition Disclosures)
6. HKFRS/IFRS 8 *Operating Segments* (Amendments – 2010-2012 Cycle)
7. HKFRS/IFRS 9 *Financial Instruments*

8. HKFRS/IFRS 9 *Financial Instruments* (Amendments)
9. HKFRS/IFRS 9 *Financial Instruments* (Amendments - Mandatory Effective Date)
10. HKFRS/IFRS 9 *Financial Instruments* (Amendments – Hedging)
11. HKFRS/IFRS 10 *Consolidated Financial Statements* (Amendments – Investment Entities
12. HKFRS/IFRS 13 *Fair Value Measurement* (Amendments – 2010-2012 Cycle)
13. HKFRS/IFRS 13 *Fair Value Measurement* (Amendments – 2011-2013 Cycle)
14. HKAS/IAS 16 *Property, Plant and Equipment* (Amendments – 2010-2012 Cycle)
15. HKAS/IAS 19 *Employee Benefits* (Amendments - Defined Benefit Plans: Employee Contributions)
16. HKAS/IAS 24 *Related Party Disclosures* (Amendments - 2010-2012 Cycle)
17. HKAS/IAS 32 *Financial Instruments: Presentation* (Amendments - Offsetting Financial Assets and Financial Liabilities)
18. HKAS/IAS 36 *Impairment of Assets* (Amendments - Recoverable Amount Disclosures for Non-financial Assets)
19. HKAS/IAS 38 *Intangible Assets* (Amendments – 2010-2012 Cycle)
20. HKAS/IAS 39 *Financial Instruments*: *Recognition and Measurement* (Amendments - Novation of Derivatives and Continuation of Hedge Accounting))
21. HKAS/IAS 40 *Investment Property* (Amendments – 2011-2013 Cycle)
22. HK(IFRIC) Int/IFRIC 21 *Levies*

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKFRS/IFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards/International Financial Reporting Standards*		
1. Annual Improvements (2011–2013 Cycle)	*Meaning of effective HKFRSs/IFRSs* The amendment to the *Basis for Conclusions* clarifies that an entity has an option to use either: - The HKFRSs/IFRSs that are mandatory at the reporting date, or - One or more HKFRSs/IFRSs that are not yet mandatory, if those HKFRSs/IFRSs permit early application. For more information see BDO *HKFRS/IFRS Update* 2014/05.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
HKFRS/IFRS 2 *Share-based Payment*		
2. Annual Improvements (2010–2012 Cycle)	*Definition of vesting condition* The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. For more information see BDO *HKFRS/IFRS Update* 2014/04.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKFRS/IFRS 3 *Business Combinations*		
3. Annual Improvements (2010–2012 Cycle)	*Accounting for contingent consideration in a business combination* The amendment clarifies that contingent consideration is assessed as either being a liability or an equity instrument on the basis of HKAS/IAS 32 *Financial Instruments: Presentation*, and also requires contingent consideration that is not classified as equity to be remeasured to fair value at each reporting date, with changes in fair value being reported in profit or loss. For more information see BDO *HKFRS/IFRS Update* 2014/04.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
4. Annual Improvements (2011–2013 Cycle)	*Scope exceptions for joint ventures* The amendments to HKFRS/IFRS 3 clarify that: - The formation of all types of joint arrangements as defined in HKFRS/IFRS 11 (ie joint ventures and joint operations) are excluded from the scope of HKFRS/IFRS 3 - The scope exception only applies to the accounting by the joint arrangement in its own financial statements and not to the accounting by the parties to the joint arrangement for their interests in the joint arrangement. For more information see BDO *HKFRS/IFRS Update* 2014/05.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
HKFRS/IFRS 7 *Financial Instruments: Disclosures*		
5. Amendments to HKFRS/IFRS 7	*HKFRS/IFRS 7 Financial Instruments: Disclosures – Transition Disclosures* The amendments to HKFRS/IFRS 9 *Financial Instruments* (see point 9) mean that entities applying HKFRS/IFRS 9 for the first time do not need to restate prior periods but are instead required to provide modified disclosures, some of which are set out in HKFRS/IFRS 7. The new disclosures in HKFRS/IFRS 7 include: Changes in the classifications of financial assets and financial liabilities, showing separately: - The changes in the carrying amounts on the basis of their measurement categories in accordance with HKAS/IAS 39 (ie not resulting from a change in measurement attribute on transition to HKFRS/IFRS 9) - The changes in the carrying amounts arising from a change in measurement attribute, such as from amortised cost to fair value, on transition to HKFRS/IFRS 9.	Mandatory adoption to be confirmed (see 10. below) Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKFRS/IFRS 7 *Financial Instruments: Disclosures*		
	The following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost as a result of the transition to HKFRS/IFRS 9: - The fair value of the financial assets or financial liabilities at the end of the reporting period - 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 effective interest rate determined on the date of reclassification. The interest income or expense recognised.	
HKFRS/IFRS 8 *Operating Segments*		
6. Annual Improvements (2010–2012 Cycle)	*Aggregation of operating segments* The amendments require additional disclosures regarding managements judgements when operating segments have been aggregated in determining reportable segments, including: - A description of the operating segments that have been aggregated - The economic indicators considered in determining that the aggregated operating segments share similar economic characteristics. *Reconciliation of the total of a reportable segment's assets to the entity's assets* The amendment clarifies that a reconciliation of the total of reportable segments assets to the entity's assets is only required if a measure of segment assets is regularly provided to the chief operating decision maker. For more information see BDO *HKFRS/IFRS Update* 2014/04.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
HKFRS/IFRS 9 *Financial Instruments*		
7. HKFRS/IFRS 9	HKFRS/IFRS 9 applies to all assets within the scope of HKAS/IAS 39 *Financial Instruments: Recognition and Measurement*. HKFRS/IFRS 9 will eventually replace HKAS/IAS 39 in its entirety. However, the process has been divided into three main components: classification and measurement, impairment, and hedge accounting. As each phase is completed, the relevant portions of HKAS/IAS 39 would be deleted and new chapters in HKFRS/IFRS 9 would be created.	Mandatory adoption to be confirmed (see 10. below) Early adoption permitted

<table>
<tr><th>HKFRS/IFRS</th><th>Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments</th><th>Effective Date</th></tr>
<tr><td colspan="3">HKFRS/IFRS 9 Financial Instruments</td></tr>
<tr><td></td><td>HKFRS/IFRS 9 requires that on initial recognition, all financial assets are measured at fair value (plus an adjustment for certain transaction costs if they are not measured as at fair value through profit or loss) and are classified into one of two subsequent measurement categories:
- Amortised cost
- Fair Value.

HKFRS/IFRS 9 eliminates the Held to Maturity (HTM), Available for Sale (AFS) and Loans and Receivables categories. In addition, the exception under which equity instruments and related derivatives are measured at cost rather than fair value, where the fair value cannot be reliably determined, has been eliminated with fair value measurement being required for all of these instruments.

A financial asset is measured after initial recognition at amortised cost only if it meets the following two conditions:
1. The objective of an entity's business model is to hold the financial asset in order to collect contractual cash flows
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other instruments are required to be measured after initial recognition at fair value. HKFRS/IFRS 9 retains the current requirement for financial instruments that are held for trading to be recognised and measured at fair value through profit or loss, including all derivatives that are not designated in a hedging relationship.

Hybrid contracts with a host that is within the scope of HKFRS/IFRS 9 (ie a financial host) must be classified in their entirety in accordance with the classification approach summarised above. This eliminates the existing HKAS/IAS 39 requirement to account separately for a host contract and certain embedded derivatives. The embedded derivative requirements under HKAS/IAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities.

HKFRS/IFRS 9 includes an option which permits investments in equity instruments to be measured at fair value through other comprehensive income. This is an irrevocable election to be made, on an instrument by instrument basis, at the date of initial recognition. Where the election is made, no amounts are subsequently recycled from other comprehensive income to profit or loss. Where this option is not taken, all equity instruments with the scope of HKFRS/IFRS 9 are classified as at fair value through profit or loss. Irrespective of the approach adopted for the equity instrument itself, dividends received on an equity instrument are always recognised in profit or loss (unless they represent a return of the cost of investment).</td><td></td></tr>
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HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKFRS/IFRS 9 *Financial Instruments*		
	Subsequent reclassification of financial assets between the amortised cost and fair value categories is prohibited, unless an entity changes its business model for managing its financial assets in which case reclassification is required. However, the guidance is restrictive and such changes are expected to be very infrequent. HKFRS/IFRS 9 states explicitly that the following are not changes in business model: 1. A change in intention relating to particular financial assets (even in circumstances of significant changes in market conditions) 2. A temporary disappearance of a particular market for financial assets 3. A transfer of financial assets between parts of the entity with different business models. Accounting impact: Significant changes to the classification and measurement of financial assets. For more information see BDO HKFRS/IFRS Update 2009/10	
8. Amendments to HKFRS/IFRS 9	*Amendments to HKFRS/IFRS 9 Financial Instruments* As noted above, HKFRS/IFRS 9 was published in 2009 and contained requirements for the classification and measurement of financial assets. Equivalent requirements for financial liabilities were added in 2010, with most of them being carried forward unchanged from HKAS/IAS 39. In consequence: - A financial liability is measured as at fair value through profit or loss (FVTPL) if it is held for trading, or is designated as at FVTPL using the fair value option - Other liabilities are measured at amortised cost. In contrast to the requirements for financial assets, the bifurcation requirements for embedded derivatives have been retained; similarly, equity conversion features will continue to be accounted for separately by the issuer. However, some changes have been made, in particular to address the issue of where changes in the fair value of an entity's financial liabilities designated as at FVTPL using the fair value option, which arise from changes in the entity's own credit risk, should be recorded. This amendment is a result of consistent feedback received by the IASB from its constituents that changes in an entity's own credit risk should not affect profit or loss unless the financial liability is held for trading.	Mandatory adoption to be confirmed (see 10. below) Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKFRS/IFRS 9 *Financial Instruments*		
	HKFRS/IFRS 9 requires that changes in the fair value of financial liabilities designated as at FVTPL which relate to changes in an entity's own credit risk should be recognised directly in other comprehensive income (OCI). However, as an exception, where this would create an accounting mismatch (which would be where there is a matching asset position that is also measured as at FVTPL), an irrevocable decision can be taken to recognise the entire change in fair value of the financial liability in profit or loss. The other changes made to the accounting requirements for financial liabilities are: - Guidance has been added to assist in differentiating between credit risk and asset specific performance risk - Consistent with the elimination of the potential, in very limited circumstances, for investments in unquoted equity instruments to be measured at cost, the exemption from fair value measurement for derivative liabilities that are linked to, and must be settled by delivery of, an unquoted equity instrument where the fair value of that equity instrument is not reliably measurable has been deleted. A number of related disclosure requirements have been added to HKFRS/IFRS 7 *Financial Instruments: Disclosures*. Accounting impact: Changes in the fair value of liabilities designated as at fair value through profit or loss, that relate to changes in an entity's own credit risk, are now required to be recorded in Other Comprehensive Income. The exemption from fair value measurement for derivatives linked to unquoted equity instruments that cannot be reliably measured has been removed. For more information see BDO *HKFRS/IFRS Update 2010/23*.	
9. Amendments to HKFRS/IFRS 9	*Amendments to HKFRS/IFRS 9 Financial Instruments – Mandatory Effective Date* The amendment changes the effective date of HKFRS/IFRS 9 (2009) and HKFRS/IFRS 9 (2010) so that HKFRS/IFRS 9 is required to be applied for annual periods beginning on or after 1 January 2015, however this has now been superseded by the release *of HKFRS/IFRS 9 Financial Instruments (Hedge Accounting and amendments to HKFRS/IFRS 9, HKFRS/IFRS 7 and HKAS/IAS 39)* – see 10. below. Early application is permitted. The amendment also modifies the relief from restating prior periods. Entities that initially apply HKFRS/IFRS 9 in periods: - Beginning before 1 January 2012 need not restate prior periods and are not required to provide modified disclosures	Mandatory adoption to be confirmed (see 10. below) Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKFRS/IFRS 9 *Financial Instruments*		
	- Beginning on or after 1 January 2012 and before 1 January 2013 must elect either to provide the modified disclosures or to restate prior periods - Beginning on or after 1 January 2013 are required to provide modified disclosures. The entity need not restate prior periods. The modified disclosures are discussed under point 1.	
10. Amendments to HKFRS/IFRS 9	*HKFRS/IFRS 9 Financial Instruments (Hedge Accounting and amendments to HKFRS/IFRS 9, HKFRS/IFRS 7 and HKAS/IAS 39)* These make three significant changes/additions to HKFRS/IFRS 9: - Add the new hedge accounting requirements (see below) - Withdraw the previous effective date of 1 January 2015 and leave it open other outstanding phases of HKFRS/IFRS 9 have been finalised - Make the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option available for early adoption without early application of the other requirements of HKFRS/IFRS 9. The new hedge accounting requirements are more principles-based, less complex, and provide a better link to risk management and treasury operations than the requirements in HKAS/IAS 39 *Financial Instruments: Recognition and Measurement*. The new model allows entities to apply hedge accounting more broadly to manage profit or loss mismatches, and as a result reduce 'artificial' hedge ineffectiveness that can arise under HKAS/IAS 39. Key changes introduced by the new model include: - Simplified effectiveness testing, including removal of the 80-125% highly effective threshold - More items will now qualify for hedge accounting, eg pricing components within a non-financial item, and net foreign exchange cash positions - Entities can hedge account more effectively the exposures that give rise to two risk positions (eg interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods - Less profit or loss volatility when using options, forwards, and foreign currency swaps - New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility. For more information see BDO *HKFRS/IFRS Update* 2014/02.	Mandatory adoption to be confirmed Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKFRS/IFRS 10 *Consolidated Financial Statements*		
11. Amendments to HKFRS/IFRS 10	*Amendment to HKFRS/IFRS 10 – Investment Entities* The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, rather than consolidating them in its consolidated financial statements. Measurement at fair value through profit or loss must also be applied to an investment entity's separate financial statements. The amendments also introduce disclosure requirements for investment entities into HKFRS/IFRS 12 *Disclosure of Interests in Other Entities* and amend HKAS/IAS 27 *Separate Financial Statements*. An investment entity is an entity that meets all of the following criteria (the definition): - It obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services - It commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both - It measures and evaluates the performance of substantially all of its investments on a fair value basis. In assessing whether it meets the definition an entity is required to consider whether it has the following typical characteristics of an investment entity: - It has more than one investment - It has more than one investor - It has investors are not related parties of the entity - It has ownership interests in the form of equity or similar interests. Not meeting one or more of the typical characteristics does not preclude an entity from being an investment entity. However, it does indicate that additional judgment is required in determining whether the entity meets the definition of an investment entity. Accordingly, an investment entity that does not meet one or more of the typical characteristics is required to disclose the reasons for concluding that it is nevertheless an investment entity (see disclosures below). An entity will not be disqualified from qualifying as an investment entity simply because: - It provides investment-related services (eg investment advisory services, investment management, investment support and administrative services), either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity.	Mandatory adoption for periods beginning on or after 1 January 2014 Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKFRS/IFRS 10 *Consolidated Financial Statements*		
	- If it provides management services, strategic advice and financial support to an investee, directly or through a subsidiary, but only if these activities are undertaken to maximise the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity. The amendment also provides detailed application guidance. For more information see BDO *HKFRS/IFRS Update* 2012/12.	
HKFRS/IFRS 13 *Fair Value Measurement*		
12. Annual Improvements (2010–2012 Cycle)	*Short-term receivables and payables* The amendment clarifies that short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial. For more information see BDO *HKFRS/IFRS Update* 2014/04.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
13. Annual Improvements (2011–2013 Cycle)	*Scope of paragraph 52 (portfolio exemption)* HKFRS/IFRS 13.52 defines the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis. This is referred to as the portfolio exception. The amendment clarifies that the portfolio exception applies to all contracts within the scope of HKAS/IAS 39 *Financial Instruments: Recognition and Measurement* (or HKFRS/IFRS 9 *Financial Instruments* if this has been adopted early), regardless of whether they meet the definition of financial assets or financial liabilities in HKAS/IAS 32 *Financial Instruments: Presentation.* For more information see BDO *HKFRS/IFRS Update* 2014/05.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
HKAS/IAS 16 *Property, Plant and Equipment*		
14. Annual Improvements (2010–2012 Cycle)	*Revaluation method - proportionate restatement of accumulated depreciation* The amendment clarifies the computation of accumulated depreciation when items of property, plant and equipment are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either: (i) The gross carrying amount is adjusted in a manner consistent with the net carrying amount (eg proportionately to the change in the [net] carrying value, or with reference to observable market data). Accumulated depreciation is then adjusted to equal the difference between the gross and net carrying amounts	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKAS/IAS 16 *Property, Plant and Equipment*		
	(ii) Accumulated depreciation is eliminated against the gross carrying amount. For more information see BDO *HKFRS/IFRS Update* 2014/04.	
HKAS/IAS 19 *Employee Benefits*		
15. Amendments to HKAS/IAS 19	*Defined Benefit Plans: Employee Contributions* The amendment introduces a narrow scope amendments that: - Provides a practical expedient to certain contributions from employees or third parties to a defined benefit plan, but only those contributions that are independent of the number of years of service - Clarify the treatment of contributions from employees or third parties to a defined benefit plan that are not subject to the practical expedient. These are accounted for in the same way that the gross benefit is attributed in accordance with HKAS/IAS 19.70). Contributions that are independent of the number of years of service include: - Contributions that are based on a fixed percentage of salary - Contributions of a fixed amount throughout the service period - Contributions that are dependent on the employee's age. For more information see BDO *HKFRS/IFRS Update* 2014/03.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
HKAS/IAS 24 *Related Party Disclosures*		
16. Annual Improvements (2010–2012 Cycle)	*Key management personnel* The amendment clarifies that an entity that provides key management personnel services ('management entity') to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity, and: - Would require separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity - Would not require disaggregated disclosures by the categories set out in IAS 24.17. For more information see BDO *HKFRS/IFRS Update* 2014/04.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKAS/IAS 32 *Financial Instruments: Presentation*		
17. Amendments to HKAS/IAS 32	*Offsetting Financial Assets and Financial Liabilities* The amendments address inconsistencies in current practice when applying the offsetting criteria. They clarify: - The meaning of 'currently has a legally enforceable right of set-off' - That some gross settlement systems may be considered equivalent to net settlement. The amendments are part of the IASB's offsetting project. As part of that project, the IASB also separately issued *Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7) which is mandatory for periods beginning on or after 1 January 2013. Corresponding amendments are made to HKFRS 7 with identical effective date. For more information see BDO *HKFRS/IFRS Update* 2012/04.	Mandatory adoption for periods beginning on or after 1 January 2014 Early adoption permitted
HKAS/IAS 36 *Impairment of assets*		
18. Amendments to HKAS/IAS 36	*Recoverable Amount Disclosures for Non-financial Assets* The amendments align the disclosures required for the recoverable amount of an asset (or CGU) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of *value in use*, and require an entity to: 1. Disclose the recoverable amount of an asset (or CGU) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU) 2. Disclose the discount rate when an asset (or CGU) has been impaired (or impairment reversed) where the recoverable amount has been determined based on fair value less costs of disposal using a present value technique 3. To expand and clarify the disclosure requirements when an assets (CGUs) recoverable amount has been determined on the basis of fair value less disposal, including: - The level of the fair value hierarchy[1] within which the fair value measurement of the asset (cash-generating unit) is categorised in its entirety (without taking into account whether the 'costs of disposal' are observable) - For fair value measurements categorised within Level 2[1] and Level 3[1] of the fair value hierarchy, a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, the entity is required to disclose that change and the reason(s) for making it	Mandatory adoption for periods beginning on or after 1 January 2014 Early adoption permitted unless HKFRS/IFRS 13 *Fair Value Measurement* has not been adopted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKAS/IAS 36 *Impairment of assets*		
	- For fair value measurements categorised within Level 2[1] and Level 3[1] of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's (CGU's) recoverable amount is most sensitive - The discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique. [1] Refer to HKFRS/IFRS 13 *Fair Value Measurement* for information about the fair value hierarchy including descriptions of the Level 2 and Level 3 fair value measurement categories. For more information see BDO *HKFRS/IFRS* 2013/11.	
HKAS/IAS 38 I*ntangible Assets*		
19. Annual Improvements (2010–2012 Cycle)	*Revaluation method - proportionate restatement of accumulated amortisation* The amendment clarifies the computation of accumulated amortisation when intangible assets are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either: (i) The gross carrying amount is adjusted in a manner consistent with the net carrying amount (eg proportionately to the change in the [net] carrying value, or with reference to observable market data). Accumulated amortisation is then adjusted to equal the difference between the gross and net carrying amounts (ii) Accumulated amortisation is eliminated against the gross carrying amount. For more information see BDO *HKFRS/IFRS Update* 2014/04.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
HKAS/IAS 39 Financial Instruments: Recognition and Measurement		
20. Amendments to HKAS/IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting* The amendments introduce a narrow scope exception that would allow the continuation of hedge accounting under HKAS/IAS 39 (and HKFRS/IFRS 9) when a derivative is novated, subject to the following criteria: (a) The novation comes as a consequence of laws or regulations (or the introduction of laws or regulations) (b) The parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty of each party.	Mandatory adoption for periods beginning on or after 1 January 2014 Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HKAS/IAS 39 Financial Instruments: Recognition and Measurement		
	(c) Any changes to the hedging instrument are limited only to those that are necessary to effect such a replacement of the counterparty. These changes are limited to those that are consistent with the terms that would be expected if the hedging instrument were originally cleared with the clearing counterparty, and include: - Changes in the collateral requirements - Rights to offset receivables and payables balances - Charges levied. For more information see BDO *HKFRS/IFRS Update* 2013/12	
HKAS/IAS 40 Investment Property		
21. Annual Improvements (2011–2013 Cycle)	*Clarifying the interrelationship of HKFRS/IFRS 3 and HKAS/IAS 40 when classifying the acquisition of investment property or owner-occupied property* The amendment notes that determining whether the acquisition of an investment property is a business combination requires judgement of the specific requirements of HKFRS/IFRS 3, independently from the requirements of HKAS/IAS 40, requires judgement in relation to: - Whether the acquisition of investment property is the acquisition of an asset, a group of assets, or a business combination (by applying the requirements of HKFRS/IFRS 3 only) - Distinguishing between investment property and owner-occupied property (by applying the requirements of HKAS/IAS 40 only). For more information see BDO *HKFRS/IFRS Update* 2014/05.	Mandatory adoption for periods beginning on or after 1 July 2014 Early adoption permitted
HK(IFRIC) Int/IFRIC 21 Levies		
22. New interpretation	HK(IFRIC) Int/IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. A levy is defined as an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (ie laws and/or regulations), except for: (a) Outflows of resources within the scope of other HKFRSs/IFRSs (eg income taxes under HKAS/IAS 12 *Income Taxes*) (b) Fines or other penalties relating to breaches of the legislation.	Mandatory adoption for periods beginning on or after 1 January 2014 Early adoption permitted

HKFRS/IFRS	Early HKFRSs/IFRSs adoptions for 2013 – Standards and Amendments	Effective Date
HK(IFRIC) Int/IFRIC 21 Levies		
	The following factors do not create or imply the existence of an obligating event: - Preparation of the financial statements under the going concern principle - Economic compulsion of the entity. The recognition of a levy liability occurs progressively so long as the obligating event itself occurs over a period of time. If the levy is subject to a minimum threshold, recognition of a levy liability occurs only at the point the minimum threshold is breached, and not before. For more information see BDO *HKFRS/IFRS Update* 2013/13.	

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