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**PART I : SECTION (I) — GENERAL**

**Government Notifications**

**SRI LANKA ACCOUNTING AND AUDITING STANDARDS ACT, No. 15 of 1995**

**Publication under Section 4(2)**

BY virtue of the powers vested in the Institute of Chartered Accountants of Sri Lanka (hereinafter referred to as the “Institute”), the Institute has adopted the Sri Lanka Accounting Standards Changes 2021 effective for annual reporting periods beginning on or after 01<sup>st</sup> January 2021 published herewith for the purpose of the Sri Lanka Accounting and Auditing Standards, Act, No. 15 of 1995. This Standard shall be effective for annual reporting periods beginning on or after 01<sup>st</sup> January 2021.

By Order of the Council,

R.S. ANOMA PRIYADARSHANI,  
Secretary.

The Institute of Chartered Accountants of Sri Lanka,  
No. 30A,  
Malalasekera Mawatha,  
Colombo 07.  
02<sup>nd</sup> March, 2023.



## **SRI LANKA ACCOUNTING STANDARDS CHANGES WITH EFFECT FROM 01<sup>ST</sup> JANUARY 2021**

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<b>Conceptual Framework for Financial Reporting</b>	
<b>2.11</b>	Information is material if omitting it <del>or</del> misstating or obscuring it could <u>reasonably be expected</u> to influence decisions that the primary users of general purpose financial reports (see paragraph 1.5) make on the basis of those reports, which provide financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report. Consequently, the Council cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.
<b>Appendix</b>	<b>material information</b> Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those reports, which provide financial information about a specific reporting entity.
<b>SLFRS 1 - First-time Adoption of Sri Lanka Accounting Standards (SLFRSs)</b>	
39AG	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
D7	The elections in paragraphs D5 and D6 are also available for: (a) investment property, if an entity elects to use the cost model in LKAS 40 <i>Investment Property</i> ; (aa) right-of-use assets (SLFRS 16 <i>Leases</i> ); and (b) intangible assets that meet:
D13A	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
<b>SLFRS 2 - Share-based Payment</b>	
No changes	
<b>SLFRS 3 Business Combinations</b>	
21A–21C	<i>[These paragraphs refer to amendments that are not yet effective, and are therefore not included in this edition.]</i>
23A	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>

31A	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
58	<p>Some changes in the fair value of contingent consideration that the acquirer recognises after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments in accordance with paragraphs 45–49. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone on a research and development project, are not measurement period adjustments. The acquirer shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:(b)Other contingent consideration that:</p> <p>(i) is within the scope of SLFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with SLFRS 9.</p>
64Q	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
Appendix A	<p>Defined terms</p> <p>Contingent Consideration</p> <p>Usually, an obligation of the <b>acquirer</b> to transfer additional assets or <b>equity interests</b> to the former owners of an <b>acquiree</b> as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, <i>contingent consideration</i> also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.</p>
B8	<p><b><u>Elements of a business</u></b></p> <p>Although businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be capable of being conducted and managed for the purpose identified in the definition of a business, an integrated set of activities and assets requires two essential elements—inputs and processes applied to those inputs. A business need not include all of the inputs or processes that the seller used in operating that business. However, to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Paragraphs B12–B12D specify how to assess whether a process is substantive.</p>
<b>SLFRS 4 - Insurance Contracts</b>	
20A	<p><b>SLFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. However, for an insurer that meets the criteria in paragraph 20B, this SLFRS provides a temporary exemption that permits, but does not require, the insurer to apply LKAS 39 <i>Financial Instruments: Recognition and Measurement</i> rather than SLFRS 9 for annual periods beginning before 1 January 2023. An insurer that applies the temporary exemption from SLFRS 9 shall:</b></p> <p>.....</p>

20J	If an entity no longer qualifies for the temporary exemption from SLFRS 9 as a result of a reassessment (see paragraph 20G(a)), then the entity is permitted to continue to apply the temporary exemption from SLFRS 9 only until the end of the annual period that began immediately after that reassessment. Nevertheless, the entity must apply SLFRS 9 for annual periods beginning on or after 1 January 2023. For example, if an entity determines that it no longer qualifies for the temporary exemption from SLFRS 9 applying paragraph 20G(a) on 31 December 2018 (the end of its annual period), then the entity is permitted to continue to apply the temporary exemption from SLFRS 9 only until 31 December 2019.
20O	Paragraphs 35–36 of LKAS 28 <i>Investments in Associates and Joint Ventures</i> require an entity to apply uniform accounting policies when using the equity method. Nevertheless, for annual periods beginning before 1 January 2023, an entity is permitted, but not required, to retain the relevant accounting policies applied by the associate or joint venture as follows:
20R	<b>Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform</b> An insurer applying the temporary exemption from SLFRS 9 shall apply the requirements in paragraphs 5.4.6–5.4.9 of SLFRS 9 to a financial asset or financial liability if, and only if, the basis for determining the contractual cash flows of that financial asset or financial liability changes as a result of interest rate benchmark reform. For this purpose, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark as described in paragraph 102B of LKAS 39.
20S	For the purpose of applying paragraphs 5.4.6–5.4.9 of the amendments to SLFRS 9, the references to paragraph B5.4.5 of SLFRS 9 shall be read as referring to paragraph AG7 of LKAS 39. References to paragraphs 5.4.3 and B5.4.6 of SLFRS 9 shall be read as referring to paragraph AG8 of LKAS 39.
50	<i>Interest Rate Benchmark Reform—Phase 2</i> , which amended SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16, issued in <u>December 2020</u> , <u>added</u> paragraphs 20R–20S and paragraph 51. An entity shall apply these amendments for annual periods beginning on or after 1 January 2021. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. An entity shall apply these amendments retrospectively in accordance with LKAS 8, except as specified in paragraph 51.
51	An entity is not required to restate prior periods to reflect the application of these amendments. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of these amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of these amendments.

<b>SLFRS 5 - Non-current Assets Held for Sale and Discontinued Operations</b>	
<b>33</b>	<p>(b) an analysis of the single amount in (a) into:</p> <p>(i) the revenue, expenses and pre-tax profit or loss of discontinued operations;</p> <p>(ii) the related income tax expense as required by paragraph 81(h) of LKAS 12.</p> <p>(iii) the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; and</p> <p>(iv) the related income tax expense as required by paragraph 81(h) of LKAS 12.</p>
<b>SLFRS 6 - Exploration for and Evaluation of Mineral Resources</b>	
No changes	
<b>SLFRS 7 - Financial Instruments: Disclosures</b>	
<b>24H</b>	<p><i>Uncertainty arising from interest rate benchmark reform</i></p> <p>For hedging relationships to which an entity applies the exceptions set out in paragraphs 6.8.4–6.8.12 of SLFRS 9 or paragraphs 102D–102N of LKAS 39, an entity shall disclose:</p> <p>(a) the significant interest rate benchmarks to which the entity’s hedging relationships are exposed;</p> <p>(b) the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform;</p> <p>(c) how the entity is managing the process to transition to alternative benchmark rates;</p> <p>(d) a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and</p> <p>(e) the nominal amount of the hedging instruments in those hedging relationships.</p>
<b>24I</b>	<p><b>Additional disclosures related to interest rate benchmark reform</b></p> <p>To enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy, an entity shall disclose information about:</p> <p>(a) the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform, and how the entity manages these risks; and</p> <p>(b) the entity’s progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.</p>
<b>24J</b>	<p>To meet the objectives in paragraph 24I, an entity shall disclose:</p> <p>(a) how the entity is managing the transition to alternative benchmark rates, its progress at the reporting date and the risks to which it is exposed arising from financial instruments because of the transition;</p> <p>(b) disaggregated by significant interest rate benchmark subject to interest rate benchmark reform, quantitative information about financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period, showing separately:</p>

	<ul style="list-style-type: none"> <li>(i) non-derivative financial assets;</li> <li>(ii) non-derivative financial liabilities; and</li> <li>(iii) derivatives; and</li> <li>(c) if the risks identified in paragraph 24J(a) have resulted in changes to an entity's risk management strategy (see paragraph 22A), a description of these changes.</li> </ul>
44EE	<u>Interest Rate Benchmark Reform</u> , which amended SLFRS 9, LKAS 39 and SLFRS 7, issued in December 2020, added paragraphs 24H and 44FF. An entity shall apply these amendments when it applies the amendments to SLFRS 9 or LKAS 39.
44FF	<u>In the reporting period in which an entity first applies Interest Rate Benchmark Reform</u> , issued in December 2020, an entity is not required to present the quantitative information required by paragraph 28(f) of LKAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> .
44GG	<u>Interest Rate Benchmark Reform—Phase 2</u> , which amended SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16, issued in December 2020, added paragraphs 24I–24J and 44HH. An entity shall apply these amendments when it applies the amendments to SLFRS 9, LKAS 39, SLFRS 4 or SLFRS 16.
44HH	<u>In the reporting period in which an entity first applies Interest Rate Benchmark Reform—Phase 2</u> , an entity is not required to disclose the information that would otherwise be required by paragraph 28(f) of LKAS 8.
<b>SLFRS 8 - Operating Segments</b>	
No changes	
<b>SLFRS 9 – Financial Instruments</b>	
5.4.5	<p><b>Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform</b></p> <p>An entity shall apply paragraphs 5.4.6–5.4.9 to a financial asset or financial liability if, and only if, the basis for determining the contractual cash flows of that financial asset or financial liability changes as a result of interest rate benchmark reform. For this purpose, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark as described in paragraph 6.8.2.</p>
5.4.6	<p>The basis for determining the contractual cash flows of a financial asset or financial liability can change:</p> <ul style="list-style-type: none"> <li>(a) by amending the contractual terms specified at the initial recognition of the financial instrument (for example, the contractual terms are amended to replace the referenced interest rate benchmark with an alternative benchmark rate);</li> <li>(b) in a way that was not considered by—or contemplated in—the contractual terms at the initial recognition of the financial instrument, without amending the contractual terms (for example, the method for calculating the interest rate benchmark is altered without amending the contractual terms); and/or</li> <li>(c) because of the activation of an existing contractual term (for example, an existing fallback clause is triggered).</li> </ul>

5.4.7	<p>As a practical expedient, an entity shall apply paragraph B5.4.5 to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform. This practical expedient applies only to such changes and only to the extent the change is required by interest rate benchmark reform (see also paragraph 5.4.9). For this purpose, a change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if, and only if, both these conditions are met:</p> <ul style="list-style-type: none"> <li>(a) the change is necessary as a direct consequence of interest rate benchmark reform; and</li> <li>(b) the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).</li> </ul>
5.4.8	<p>Examples of changes that give rise to a new basis for determining the contractual cash flows that is economically equivalent to the previous basis (ie the basis immediately preceding the change) are:</p> <ul style="list-style-type: none"> <li>(a) the replacement of an existing interest rate benchmark used to determine the contractual cash flows of a financial asset or financial liability with an alternative benchmark rate—or the implementation of such a reform of an interest rate benchmark by altering the method used to calculate the interest rate benchmark—with the addition of a fixed spread necessary to compensate for the basis difference between the existing interest rate benchmark and the alternative benchmark rate;</li> <li>(b) changes to the reset period, reset dates or the number of days between coupon payment dates in order to implement the reform of an interest rate benchmark; and</li> <li>(c) the addition of a fallback provision to the contractual terms of a financial asset or financial liability to enable any change described in (a) and (b) above to be implemented.</li> </ul>
5.4.9	<p>If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, an entity shall first apply the practical expedient in paragraph 5.4.7 to the changes required by interest rate benchmark reform. The entity shall then apply the applicable requirements in this Standard to any additional changes to which the practical expedient does not apply. If the additional change does not result in the derecognition of the financial asset or financial liability, the entity shall apply paragraph 5.4.3 or paragraph B5.4.6, as applicable, to account for that additional change. If the additional change results in the derecognition of the financial asset or financial liability, the entity shall apply the derecognition requirements.</p>
6.8 6.8.1	<p><b><u>Temporary exceptions from applying specific hedge accounting requirements</u></b></p> <p>An entity shall apply paragraphs 6.8.4–6.8.12 and paragraphs 7.1.8 and 7.2.26(d) to all hedging relationships directly affected by interest rate benchmark reform. These paragraphs apply only to such hedging relationships. A hedging relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties about:</p> <ul style="list-style-type: none"> <li>(a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or</li> <li>(b) the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.</li> </ul>



6.8.2	<p>For the purpose of applying paragraphs 6.8.4–6.8.12, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board’s July 2014 report ‘Reforming Major Interest Rate Benchmarks’.<sup>1</sup></p> <p><sup>1</sup> The report, ‘Reforming Major Interest Rate Benchmarks’, is available at <a href="http://www.fsb.org/wp-content/uploads/r_140722.pdf">http://www.fsb.org/wp-content/uploads/r_140722.pdf</a></p>
6.8.3	<p>Paragraphs 6.8.4–6.8.12 provide exceptions only to the requirements specified in these paragraphs. An entity shall continue to apply all other hedge accounting requirements to hedging relationships directly affected by interest rate benchmark reform.</p>
6.8.4	<p><b>Highly probable requirement for cash flow hedges</b></p> <p>For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable as required by paragraph 6.3.3, an entity shall assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.</p>
6.8.5	<p><b>Reclassifying the amount accumulated in the cash flow hedge reserve</b></p> <p>For the purpose of applying the requirement in paragraph 6.5.12 in order to determine whether the hedged future cash flows are expected to occur, an entity shall assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.</p>
6.8.6	<p><b>Assessing the economic relationship between the hedged item and the hedging instrument</b></p> <p>For the purpose of applying the requirements in paragraphs 6.4.1(c)(i) and B6.4.4–B6.4.6, an entity shall assume that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.</p>
6.8.7	<p><b>Designating a component of an item as a hedged item</b></p> <p>Unless paragraph 6.8.8 applies, for a hedge of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement in paragraphs 6.3.7(a) and B6.3.8—that the risk component shall be separately identifiable—only at the inception of the hedging relationship.</p>
6.8.8	<p>When an entity, consistent with its hedge documentation, frequently resets (ie discontinues and restarts) a hedging relationship because both the hedging instrument and the hedged item frequently change (ie the entity uses a dynamic process in which both the hedged items and the hedging instruments used to manage that exposure do not remain the same for long), the entity shall apply the requirement in paragraphs 6.3.7(a) and B6.3.8—that the risk component is separately identifiable—only when</p>

	it initially designates a hedged item in that hedging relationship. A hedged item that has been assessed at the time of its initial designation in the hedging relationship, whether it was at the time of the hedge inception or subsequently, is not reassessed at any subsequent redesignation in the same hedging relationship.
6.8.9	<p><b>End of application</b></p> <p>An entity shall prospectively cease applying paragraph 6.8.4 to a hedged item at the earlier of:</p> <p>(a) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item; and</p> <p>(b) when the hedging relationship that the hedged item is part of is discontinued.</p>
6.8.10	<p>An entity shall prospectively cease applying paragraph 6.8.5 at the earlier of:</p> <p>(a) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item; and</p> <p>(b) when the entire amount accumulated in the cash flow hedge reserve with respect to that discontinued hedging relationship has been reclassified to profit or loss.</p>
6.8.11	<p>An entity shall prospectively cease applying paragraph 6.8.6:</p> <p>(a) to a hedged item, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk or the timing and the amount of the interest rate benchmark-based cash flows of the hedged item; and</p> <p>(b) to a hedging instrument, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedging instrument.</p> <p>If the hedging relationship that the hedged item and the hedging instrument are part of is discontinued earlier than the date specified in paragraph 6.8.11(a) or the date specified in paragraph 6.8.11(b), the entity shall prospectively cease applying paragraph 6.8.6 to that hedging relationship at the date of discontinuation.</p>
6.8.12	When designating a group of items as the hedged item, or a combination of financial instruments as the hedging instrument, an entity shall prospectively cease applying paragraphs 6.8.4–6.8.6 to an individual item or financial instrument in accordance with paragraphs 6.8.9, 6.8.10, or 6.8.11, as relevant, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and/or the timing and the amount of the interest rate benchmark-based cash flows of that item or financial instrument.
6.8.13	<p>An entity shall prospectively cease applying paragraphs 6.8.7 and 6.8.8 at the earlier of:</p> <p>(a) when changes required by interest rate benchmark reform are made to the non-contractually specified risk component applying paragraph 6.9.1; or</p> <p>(b) when the hedging relationship in which the non-contractually specified risk component is designated is discontinued.</p>
6.9 6.9.1	<p><b><u>Additional temporary exceptions arising from interest rate benchmark reform</u></b></p> <p>As and when the requirements in paragraphs 6.8.4–6.8.8 cease to apply to a hedging relationship (see paragraphs 6.8.9–6.8.13), an entity shall amend the formal</p>

	<p>designation of that hedging relationship as previously documented to reflect the changes required by interest rate benchmark reform, ie the changes are consistent with the requirements in paragraphs 5.4.6–5.4.8. In this context, the hedge designation shall be amended only to make one or more of these changes:</p> <ul style="list-style-type: none"> <li>(a) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;</li> <li>(b) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or</li> <li>(c) amending the description of the hedging instrument.</li> </ul>
6.9.2	<p>An entity also shall apply the requirement in paragraph 6.9.1(c) if these three conditions are met:</p> <ul style="list-style-type: none"> <li>(a) the entity makes a change required by interest rate benchmark reform using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument (as described in paragraph 5.4.6);</li> <li>(b) the original hedging instrument is not derecognised; and</li> <li>(c) the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument (as described in paragraphs 5.4.7 and 5.4.8).</li> </ul>
6.9.3	<p>The requirements in paragraphs 6.8.4–6.8.8 may cease to apply at different times. Therefore, in applying paragraph 6.9.1, an entity may be required to amend the formal designation of its hedging relationships at different times, or may be required to amend the formal designation of a hedging relationship more than once. When, and only when, such a change is made to the hedge designation, an entity shall apply paragraphs 6.9.7–6.9.12 as applicable. An entity also shall apply paragraph 6.5.8 (for a fair value hedge) or paragraph 6.5.11 (for a cash flow hedge) to account for any changes in the fair value of the hedged item or the hedging instrument.</p>
6.9.4	<p>An entity shall amend a hedging relationship as required in paragraph 6.9.1 by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. For the avoidance of doubt, such an amendment to the formal designation of a hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.</p>
6.9.5	<p>If changes are made in addition to those changes required by interest rate benchmark reform to the financial asset or financial liability designated in a hedging relationship (as described in paragraphs 5.4.6–5.4.8) or to the designation of the hedging relationship (as required by paragraph 6.9.1), an entity shall first apply the applicable requirements in this Standard to determine if those additional changes result in the discontinuation of hedge accounting. If the additional changes do not result in the discontinuation of hedge accounting, an entity shall amend the formal designation of the hedging relationship as specified in paragraph 6.9.1.</p>
6.9.6	<p>Paragraphs 6.9.7–6.9.13 provide exceptions to the requirements specified in those paragraphs only. An entity shall apply all other hedge accounting requirements in this</p>

	Standard, including the qualifying criteria in paragraph 6.4.1, to hedging relationships that were directly affected by interest rate benchmark reform.
6.9.7	<p><b>Accounting for qualifying hedging relationships</b></p> <p><b>Cash flow hedges</b></p> <p>For the purpose of applying paragraph 6.5.11, at the point when an entity amends the description of a hedged item as required in paragraph 6.9.1(b), the amount accumulated in the cash flow hedge reserve shall be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.</p>
6.9.8	For a discontinued hedging relationship, when the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of applying paragraph 6.5.12 in order to determine whether the hedged future cash flows are expected to occur, the amount accumulated in the cash flow hedge reserve for that hedging relationship shall be deemed to be based on the alternative benchmark rate on which the hedged future cash flows will be based.
6.9.9	<p><b>Groups of items</b></p> <p>When an entity applies paragraph 6.9.1 to groups of items designated as hedged items in a fair value or cash flow hedge, the entity shall allocate the hedged items to subgroups based on the benchmark rate being hedged and designate the benchmark rate as the hedged risk for each subgroup. For example, in a hedging relationship in which a group of items is hedged for changes in an interest rate benchmark subject to interest rate benchmark reform, the hedged cash flows or fair value of some items in the group could be changed to reference an alternative benchmark rate before other items in the group are changed. In this example, in applying paragraph 6.9.1, the entity would designate the alternative benchmark rate as the hedged risk for that relevant subgroup of hedged items. The entity would continue to designate the existing interest rate benchmark as the hedged risk for the other subgroup of hedged items until the hedged cash flows or fair value of those items are changed to reference the alternative benchmark rate or the items expire and are replaced with hedged items that reference the alternative benchmark rate.</p>
6.9.10	An entity shall assess separately whether each subgroup meets the requirements in paragraph 6.6.1 to be an eligible hedged item. If any subgroup fails to meet the requirements in paragraph 6.6.1, the entity shall discontinue hedge accounting prospectively for the hedging relationship in its entirety. An entity also shall apply the requirements in paragraphs 6.5.8 and 6.5.11 to account for ineffectiveness related to the hedging relationship in its entirety.
6.9.11	<p><b>Designation of risk components</b></p> <p>An alternative benchmark rate designated as a non-contractually specified risk component that is not separately identifiable (see paragraphs 6.3.7(a) and B6.3.8) at the date it is designated shall be deemed to have met that requirement at that date, if, and only if, the entity reasonably expects the alternative benchmark rate will be separately identifiable within 24 months. The 24-month period applies to each alternative benchmark rate separately and starts from the date the entity designates the alternative benchmark rate as a non-contractually specified risk component for the first time (ie the 24-month period applies on a rate-by-rate basis).</p>

6.9.12	If subsequently an entity reasonably expects that the alternative benchmark rate will not be separately identifiable within 24 months from the date the entity designated it as a non-contractually specified risk component for the first time, the entity shall cease applying the requirement in paragraph 6.9.11 to that alternative benchmark rate and discontinue hedge accounting prospectively from the date of that reassessment for all hedging relationships in which the alternative benchmark rate was designated as a non-contractually specified risk component.
6.9.13	In addition to those hedging relationships specified in paragraph 6.9.1, an entity shall apply the requirements in paragraphs 6.9.11 and 6.9.12 to new hedging relationships in which an alternative benchmark rate is designated as a non-contractually specified risk component (see paragraphs 6.3.7(a) and B6.3.8) when, because of interest rate benchmark reform, that risk component is not separately identifiable at the date it is designated.
7.1.8	<i>Interest Rate Benchmark Reform</i> , which amended SLFRS 9, LKAS 39 and SLFRS 7, issued in <u>December 2020</u> , added Section 6.8 and amended paragraph 7.2.26. An entity shall apply these amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.
7.1.9	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
7.1.10	<i>Interest Rate Benchmark Reform—Phase 2</i> , which amended SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16, issued in <u>December 2020</u> , added paragraphs 5.4.5–5.4.9, 6.8.13, Section 6.9 and paragraphs 7.2.43–7.2.46. An entity shall apply these amendments for annual periods beginning on or after 1 January 2021. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.
7.2.26	As an exception to prospective application of the hedge accounting requirements of this Standard, an entity: (a) shall apply the accounting for the time value of options in accordance with paragraph 6.5.15 retrospectively if, in accordance with LKAS 39, only the change in an option's intrinsic value was designated as a hedging instrument in a hedging relationship. This retrospective application applies only to those hedging relationships that existed at the beginning of the earliest comparative period or were designated thereafter. (b) may apply the accounting for the forward element of forward contracts in accordance with paragraph 6.5.16 retrospectively if, in accordance with LKAS 39, only the change in the spot element of a forward contract was designated as a hedging instrument in a hedging relationship. This retrospective application applies only to those hedging relationships that existed at the beginning of the earliest comparative period or were designated thereafter. In addition, if an entity elects retrospective application of this accounting, it shall be applied to all hedging relationships that qualify for this election (ie on transition this election

	<p>is not available on a hedging-relationship-by-hedging-relationship basis). The accounting for foreign currency basis spreads (see paragraph 6.5.16) may be applied retrospectively for those hedging relationships that existed at the beginning of the earliest comparative period or were designated thereafter.</p> <p>(c) shall apply retrospectively the requirement of paragraph 6.5.6 that there is not an expiration or termination of the hedging instrument if:</p> <p>(i) as a consequence of laws or regulations, or the introduction of laws or regulations, the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and</p> <p>(ii) other changes, if any, to the hedging instrument are limited to those that are necessary to effect such a replacement of the counterparty.</p> <p>(d) shall apply the requirements in Section 6.8 retrospectively. This retrospective application applies only to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies those requirements or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which an entity first applies those requirements.</p>
7.2.35	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
7.2.36–7.2.42	<i>[These paragraphs refer to amendments that are not yet effective, and are therefore not included in this edition.]</i>
7.2.43	<p><b>Transition for Interest Rate Benchmark Reform—Phase 2</b></p> <p>An entity shall apply <i>Interest Rate Benchmark Reform—Phase 2</i> retrospectively in accordance with LKAS 8, except as specified in paragraphs 7.2.44–7.2.46.</p>
7.2.44	<p>An entity shall designate a new hedging relationship (for example, as described in paragraph 6.9.13) only prospectively (<i>ie</i> an entity is prohibited from designating a new hedge accounting relationship in prior periods). However, an entity shall reinstate a discontinued hedging relationship if, and only if, these conditions are met:</p> <p>(a) the entity had discontinued that hedging relationship solely due to changes required by interest rate benchmark reform and the entity would not have been required to discontinue that hedging relationship if these amendments had been applied at that time; and</p> <p>(b) at the beginning of the reporting period in which an entity first applies these amendments (date of initial application of these amendments), that discontinued hedging relationship meets the qualifying criteria for hedge accounting (after taking into account these amendments).</p>
7.2.45	<p>If, in applying paragraph 7.2.44, an entity reinstates a discontinued hedging relationship, the entity shall read references in paragraphs 6.9.11 and 6.9.12 to the date the alternative benchmark rate is designated as a non-contractually specified risk component for the first time as referring to the date of initial application of these amendments (<i>ie</i> the 24-month period for that alternative benchmark rate designated as a non-contractually specified risk component begins from the date of initial application of these amendments).</p>

7.2.46	An entity is not required to restate prior periods to reflect the application of these amendments. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of these amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of these amendments.
B3.2.1	<i>Arrangements under which an entity retains the <u>contractual</u> rights to receive the cash flows of a financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients (paragraph 3.2.4(b))</i>
B3.3.6A	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
B4.1.4	<p><b>Example 4</b></p> <p>A financial institution holds financial assets to meet liquidity needs in a ‘stress case’ scenario (eg, a run on the bank’s deposits). The entity does not anticipate selling these assets except in such scenarios.</p> <p>The entity monitors the credit quality of the financial assets and its objective in managing the financial assets is to collect the contractual cash flows. The entity evaluates the performance of the assets on the basis of interest revenue earned and credit losses realised.</p> <p>However, the entity also monitors the fair value of the financial assets from a liquidity perspective to ensure that the cash amount that would be realised if the entity needed to sell the assets in a stress case scenario would be sufficient to meet the entity’s liquidity needs. Periodically, the entity makes sales that are insignificant in value to demonstrate liquidity.</p>
<b>SLFRS 10 - Consolidated Financial Statements</b>	
No changes	
<b>SLFRS 11 - Joint Arrangements</b>	
No changes	
<b>SLFRS 12 - Disclosure of Interests in Other Entities</b>	
No changes	
<b>SLFRS 13 - Fair Value Measurement</b>	
No changes	
<b>SLFRS 14 - Regulatory Deferral Accounts</b>	
No changes	

<b>SLFRS 15 – Revenue from Contracts with Customers</b>	
No changes	
<b>SLFRS 16 – Leases</b>	
46A	As a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification.
46B	<p>The practical expedient in paragraph 46A applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:</p> <ul style="list-style-type: none"> <li>(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;</li> <li>(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and</li> <li>(c) there is no substantive change to other terms and conditions of the lease.</li> </ul>
60A	<p>If a lessee applies the practical expedient in paragraph 46A, the lessee shall disclose:</p> <ul style="list-style-type: none"> <li>(a) that it has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient (see paragraph 2); and</li> <li>(b) the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in paragraph 46A.</li> </ul>
104	<p><b>Temporary exception arising from interest rate benchmark reform</b></p> <p>A lessee shall apply paragraphs 105–106 to all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform (see paragraphs 5.4.6 and 5.4.8 of SLFRS 9). These paragraphs apply only to such lease modifications. For this purpose, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark as described in paragraph 6.8.2 of SLFRS 9.</p>
105	<p>As a practical expedient, a lessee shall apply paragraph 42 to account for a lease modification required by interest rate benchmark reform. This practical expedient applies only to such modifications. For this purpose, a lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:</p> <ul style="list-style-type: none"> <li>(a) the modification is necessary as a direct consequence of interest rate benchmark reform; and</li> <li>(b) the new basis for determining the lease payments is economically equivalent to the previous basis (ie the basis immediately preceding the modification).</li> </ul>



106	However, if lease modifications are made in addition to those lease modifications required by interest rate benchmark reform, a lessee shall apply the applicable requirements in this Standard to account for all lease modifications made at the same time, including those required by interest rate benchmark reform.
C1A	<i>Covid-19-Related Rent Concessions</i> , issued in May 2020, added paragraphs 46A, 46B, 60A, C20A and C20B. A lessee shall apply that amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020.
C1B	<i>Interest Rate Benchmark Reform—Phase 2</i> , which amended SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16, issued in <u>December 2020</u> , added paragraphs 104–106 and C20C–C20D. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2021. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.
C20A	<b>Covid-19-related rent concessions for lessees</b> A lessee shall apply <i>Covid-19-Related Rent Concessions</i> (see paragraph C1A) retrospectively, recognising the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.
C20B	In the reporting period in which a lessee first applies <i>Covid-19-Related Rent Concessions</i> , a lessee is not required to disclose the information required by paragraph 28(f) of LKAS 8.
C20C	<b><i>Interest Rate Benchmark Reform—Phase 2</i></b> An entity shall apply these amendments retrospectively in accordance with LKAS 8, except as specified in paragraph C20D.
C20D	An entity is not required to restate prior periods to reflect the application of these amendments. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of these amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of these amendments.
<b>LKAS 1 - Presentation of Financial Statements</b>	
23	In the extremely rare circumstances in which management concludes that compliance with a requirement in a SLFRS would be so misleading that it would conflict with the objective of financial statements set out in the <i>Conceptual Framework</i> , but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:

	(a) the title of the SLFRS in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the Conceptual Framework; and .....
72A	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
75A	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
76A—76B	<i>[These paragraphs refer to amendments that are not yet effective, and are therefore not included in this edition.]</i>
139U	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
<b>LKAS 2 - Inventories</b>	
No changes	
<b>LKAS 7 – Statement of Cash Flows</b>	
No changes	
<b>LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors</b>	
No changes	
<b>LKAS 10 - Events after the Reporting Period</b>	
23C	Definition of Material (Amendments to LKAS 1 and LKAS 8), issued in January 2019, amended paragraph 21. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 January 2020. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact. An entity shall apply those amendments when it applies the amendments to the definition of material in paragraph 7 of LKAS 1 and paragraphs 5 and 6 of LKAS 8.
<b>LKAS 12 – Income Taxes</b>	
No changes	
<b>LKAS 16 – Property, Plant and Equipment</b>	
<u>20A</u>	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
<u>74A</u>	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
<u>80D</u>	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>

81N	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
<b>LKAS 19 – Employee Benefits</b>	
No changes	
<b>LKAS 20 - Accounting for Government Grants and Disclosure of Government Assistance</b>	
No changes	
<b>LKAS 21 - The Effects of Changes in Foreign Exchange Rates</b>	
60I	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
60I	<u>[Deleted]</u>
<b>LKAS 23 – Borrowing Costs</b>	
No changes	
<b>LKAS 24 – Related Party Disclosures</b>	
No changes	
<b>LKAS 26 - Accounting and Reporting by Retirement Benefit Plans</b>	
No changes	
<b>LKAS 27 - Separate Financial Statements</b>	
15	An entity shall apply all applicable SLFRSs when providing disclosures in its separate financial statements, including the requirements in paragraphs 16–17.
<b>LKAS 28 - Investments in Associates and Joint Ventures</b>	
No changes	
<b>LKAS 29 - Financial Reporting in Hyperinflationary Economies</b>	
No changes	
<b>LKAS 32 - Financial Instruments: Presentation</b>	
AG9	A lease typically creates an entitlement of the lessor to receive, and an obligation of the lessee to pay, a stream of payments that are substantially the same as blended payments of principal and interest under a loan agreement. The lessor accounts for its investment in the amount receivable under a finance lease rather than the underlying asset itself that is subject to the finance lease. Accordingly, a lessor regards a finance lease as a financial instrument. Under SLFRS 16, a lessor does not recognise its entitlement to receive lease payments under an operating lease. The lessor continues to account for the underlying asset itself rather than any amount receivable in the future under the contract. Accordingly, a lessor does not regard an operating lease as a financial

	instrument, except as regards individual payments currently due and payable by the lessee.
AG10	Physical assets (such as inventories, property, plant and equipment), right-of-use assets and intangible assets (such as patents and trademarks) are not financial assets. Control of such physical assets, right-of-use assets and intangible assets creates an opportunity to generate an inflow of cash or another financial asset, but it does not give rise to a present right to receive cash or another financial asset.
<b>LKAS 33 - Earnings per Share</b>	
No changes	
<b>LKAS 34 - Interim Financial Reporting</b>	
No changes	
<b>LKAS 36 - Impairment of Assets</b>	
No changes	
<b>LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets</b>	
68A	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
94A	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
105	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
<b>LKAS 38 – Intangible Assets</b>	
<b>LKAS 39 - Financial Instruments: Recognition and Measurement</b>	
102A	<p><b>Temporary exceptions from applying specific hedge accounting requirements</b></p> <p>An entity shall apply paragraphs 102D–102N and 108G to all hedging relationships directly affected by interest rate benchmark reform. These paragraphs apply only to such hedging relationships. A hedging relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties about:</p> <ul style="list-style-type: none"> <li>(a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or</li> <li>(b) the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.</li> </ul>
102B	<p>For the purpose of applying paragraphs 102D–102N, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board’s July 2014 report ‘Reforming Major Interest Rate Benchmarks’.<sup>1</sup></p> <p><small>1 The report, ‘Reforming Major Interest Rate Benchmarks’, is available at <a href="http://www.fsb.org/wp-content/uploads/r_140722.pdf">http://www.fsb.org/wp-content/uploads/r_140722.pdf</a>.</small></p>
102C	Paragraphs 102D–102N provide exceptions only to the requirements specified in these paragraphs. An entity shall continue to apply all other hedge accounting

	requirements to hedging relationships directly affected by interest rate benchmark reform.
102D	<b>Highly probable requirement for cash flow hedges</b> For the purpose of applying the requirement in paragraph 88(c) that a forecast transaction must be highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.
102E	<b>Reclassifying the cumulative gain or loss recognised in other comprehensive income</b> For the purpose of applying the requirement in paragraph 101(c) in order to determine whether the forecast transaction is no longer expected to occur, an entity shall assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.
102F	<b>Effectiveness assessment</b> For the purpose of applying the requirements in paragraphs 88(b) and AG105(a), an entity shall assume that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.
102G	For the purpose of applying the requirement in paragraph 88(e), an entity is not required to discontinue a hedging relationship because the actual results of the hedge do not meet the requirements in paragraph AG105(b). For the avoidance of doubt, an entity shall apply the other conditions in paragraph 88, including the prospective assessment in paragraph 88(b), to assess whether the hedging relationship must be discontinued.
102H	<b>Designating financial items as hedged items</b> Unless paragraph 102I applies, for a hedge of a non-contractually specified benchmark portion of interest rate risk, an entity shall apply the requirement in paragraphs 81 and AG99F—that the designated portion shall be separately identifiable—only at the inception of the hedging relationship.
102I	When an entity, consistent with its hedge documentation, frequently resets ( <i>ie</i> discontinues and restarts) a hedging relationship because both the hedging instrument and the hedged item frequently change ( <i>ie</i> the entity uses a dynamic process in which both the hedged items and the hedging instruments used to manage that exposure do not remain the same for long), the entity shall apply the requirement in paragraphs 81 and AG99F—that the designated portion is separately identifiable—only when it initially designates a hedged item in that hedging relationship. A hedged item that has been assessed at the time of its initial designation in the hedging relationship, whether it was at the time of the hedge inception or subsequently, is not reassessed at any subsequent redesignation in the same hedging relationship.

102J	<p><b>End of application</b></p> <p>An entity shall prospectively cease applying paragraph 102D to a hedged item at the earlier of:</p> <ul style="list-style-type: none"> <li>(a) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item; and</li> <li>(b) when the hedging relationship that the hedged item is part of is discontinued.</li> </ul>
102K	<p>An entity shall prospectively cease applying paragraph 102E at the earlier of:</p> <ul style="list-style-type: none"> <li>(a) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item; and</li> <li>(b) when the entire cumulative gain or loss recognised in other comprehensive income with respect to that discontinued hedging relationship has been reclassified to profit or loss.</li> </ul>
102L	<p>An entity shall prospectively cease applying paragraph 102F:</p> <ul style="list-style-type: none"> <li>(a) to a hedged item, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk or the timing and the amount of the interest rate benchmark-based cash flows of the hedged item; and</li> <li>(b) to a hedging instrument, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedging instrument.</li> </ul> <p>If the hedging relationship that the hedged item and the hedging instrument are part of is discontinued earlier than the date specified in paragraph 102L(a) or the date specified in paragraph 102L(b), the entity shall prospectively cease applying paragraph 102F to that hedging relationship at the date of discontinuation.</p>
102M	<p>An entity shall prospectively cease applying paragraph 102G to a hedging relationship at the earlier of:</p> <ul style="list-style-type: none"> <li>(a) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and of the hedging instrument; and</li> <li>(b) when the hedging relationship to which the exception is applied is discontinued.</li> </ul>
102N	<p>When designating a group of items as the hedged item, or a combination of financial instruments as the hedging instrument, an entity shall prospectively cease applying paragraphs 102D–102G to an individual item or financial instrument in accordance with paragraphs 102J, 102K, 102L, or 102M, as relevant, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and/or the timing and the amount of the interest rate benchmark-based cash flows of that item or financial instrument.</p>
102O	<p>An entity shall prospectively cease applying paragraphs 102H and 102I at the earlier of:</p> <ul style="list-style-type: none"> <li>(a) when changes required by interest rate benchmark reform are made to the non-contractually specified risk portion applying paragraph 102P; or</li> <li>(b) when the hedging relationship in which the non-contractually specified risk portion is designated is discontinued.</li> </ul>

102P	<p><b>Additional temporary exceptions arising from interest rate benchmark reform</b></p> <p><b>Hedge accounting</b></p> <p>As and when the requirements in paragraphs 102D–102I cease to apply to a hedging relationship (see paragraphs 102J–102O), an entity shall amend the formal designation of that hedging relationship as previously documented to reflect the changes required by interest rate benchmark reform, ie the changes are consistent with the requirements in paragraphs 5.4.6–5.4.8 of SLFRS 9. In this context, the hedge designation shall be amended only to make one or more of these changes:</p> <ul style="list-style-type: none"> <li>(a) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;</li> <li>(b) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged;</li> <li>(c) amending the description of the hedging instrument; or</li> <li>(d) amending the description of how the entity will assess hedge effectiveness.</li> </ul>
102Q	<p>An entity also shall apply the requirement in paragraph 102P(c) if these three conditions are met:</p> <ul style="list-style-type: none"> <li>(a) the entity makes a change required by interest rate benchmark reform using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument (as described in paragraph 5.4.6 of SLFRS 9);</li> <li>(b) the original hedging instrument is not derecognised; and</li> <li>(c) the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument (as described in paragraphs 5.4.7 and 5.4.8 of SLFRS 9).</li> </ul>
102R	<p>The requirements in paragraphs 102D–102I may cease to apply at different times. Therefore, applying paragraph 102P, an entity may be required to amend the formal designation of its hedging relationships at different times, or may be required to amend the formal designation of a hedging relationship more than once. When, and only when, such a change is made to the hedge designation, an entity shall apply paragraphs 102V–102Z2 as applicable. An entity also shall apply paragraph 89 (for a fair value hedge) or paragraph 96 (for a cash flow hedge) to account for any changes in the fair value of the hedged item or the hedging instrument.</p>
102S	<p>An entity shall amend a hedging relationship as required in paragraph 102P by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. For the avoidance of doubt, such an amendment to the formal designation of a hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.</p>
102T	<p>If changes are made in addition to those changes required by interest rate benchmark reform to the financial asset or financial liability designated in a hedging relationship (as described in paragraphs 5.4.6–5.4.8 of SLFRS 9) or to the designation of the hedging relationship (as required by paragraph 102P), an entity shall first apply the applicable requirements in this Standard to determine if those additional changes result in the discontinuation of hedge accounting. If the additional changes do not</p>

	result in the discontinuation of hedge accounting, an entity shall amend the formal designation of the hedging relationship as specified in paragraph 102P.
102U	Paragraphs 102V–102Z3 provide exceptions to the requirements specified in those paragraphs only. An entity shall apply all other hedge accounting requirements in this Standard, including the qualifying criteria in paragraph 88, to hedging relationships that were directly affected by interest rate benchmark reform.
102V	<b>Accounting for qualifying hedging relationships</b> <i>Retrospective effectiveness assessment</i> For the purpose of assessing the retrospective effectiveness of a hedging relationship on a cumulative basis applying paragraph 88(e) and only for this purpose, an entity may elect to reset to zero the cumulative fair value changes of the hedged item and hedging instrument when ceasing to apply paragraph 102G as required by paragraph 102M. This election is made separately for each hedging relationship (ie on an individual hedging relationship basis).
102W	<i>Cash flow hedges</i> For the purpose of applying paragraph 97, at the point when an entity amends the description of a hedged item as required in paragraph 102P(b), the cumulative gain or loss in other comprehensive income shall be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
102X	For a discontinued hedging relationship, when the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of applying paragraph 101(c) in order to determine whether the hedged future cash flows are expected to occur, the amount accumulated in other comprehensive income for that hedging relationship shall be deemed to be based on the alternative benchmark rate on which the hedged future cash flows will be based.
102Y	<b>Groups of items</b> When an entity applies paragraph 102 to groups of items designated as hedged items in a fair value or cash flow hedge, the entity shall allocate the hedged items to subgroups based on the benchmark rate being hedged and designate the benchmark rate as the hedged risk for each subgroup. For example, in a hedging relationship in which a group of items is hedged for changes in an interest rate benchmark subject to interest rate benchmark reform, the hedged cash flows or fair value of some items in the group could be changed to reference an alternative benchmark rate before other items in the group are changed. In this example, in applying paragraph 102P, the entity would designate the alternative benchmark rate as the hedged risk for that relevant subgroup of hedged items. The entity would continue to designate the existing interest rate benchmark as the hedged risk for the other subgroup of hedged items until the hedged cash flows or fair value of those items are changed to reference the alternative benchmark rate or the items expire and are replaced with hedged items that reference the alternative benchmark rate.
102Z	An entity shall assess separately whether each subgroup meets the requirements in paragraphs 78 and 83 to be an eligible hedged item. If any subgroup fails to meet the requirements in paragraphs 78 and 83, the entity shall discontinue hedge accounting prospectively for the hedging relationship in its entirety. An entity also shall apply



	the requirements in paragraphs 89 or 96 to account for ineffectiveness related to the hedging relationship in its entirety.
102Z1	<p><b>Designating financial items as hedged items</b></p> <p>An alternative benchmark rate designated as a non-contractually specified risk portion that is not separately identifiable (see paragraphs 81 and AG99F) at the date it is designated shall be deemed to have met that requirement at that date, if, and only if, the entity reasonably expects the alternative benchmark rate will be separately identifiable within 24 months. The 24-month period applies to each alternative benchmark rate separately and starts from the date the entity designates the alternative benchmark rate as a non-contractually specified risk portion for the first time (ie the 24-month period applies on a rate-by-rate basis).</p>
102Z2	If subsequently an entity reasonably expects that the alternative benchmark rate will not be separately identifiable within 24 months from the date the entity designated it as a non-contractually specified risk portion for the first time, the entity shall cease applying the requirement in paragraph 102Z1 to that alternative benchmark rate and discontinue hedge accounting prospectively from the date of that reassessment for all hedging relationships in which the alternative benchmark rate was designated as a non-contractually specified risk portion.
102Z3	In addition to those hedging relationships specified in paragraph 102P, an entity shall apply the requirements in paragraphs 102Z1 and 102Z2 to new hedging relationships in which an alternative benchmark rate is designated as a non-contractually specified risk portion (see paragraphs 81 and AG99F) when, because of interest rate benchmark reform, that risk portion is not separately identifiable at the date it is designated.
108G	<i>Interest Rate Benchmark Reform</i> , which amended SLFRS 9, LKAS 39 and SLFRS 7, issued in <u>December 2020</u> , added paragraphs 102A–102N. An entity shall apply these amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. An entity shall apply these amendments retrospectively to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies these amendments or were designated thereafter, and to the gain or loss recognised in other comprehensive income that existed at the beginning of the reporting period in which an entity first applies these amendments.
108H	<i>Interest Rate Benchmark Reform—Phase 2</i> , which amended SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16, issued in <u>December 2020</u> , added paragraphs 102O–102Z3 and 108I–108K, and amended paragraph 102M. An entity shall apply these amendments for annual periods beginning on or after 1 January 2021. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. An entity shall apply these amendments retrospectively in accordance with LKAS 8, except as specified in paragraphs 108I–108K.
108I	An entity shall designate a new hedging relationship (for example, as described in paragraph 102Z3) only prospectively (ie an entity is prohibited from designating a

	<p>new hedge accounting relationship in prior periods). However, an entity shall reinstate a discontinued hedging relationship if, and only if, these conditions are met:</p> <p>(a) the entity had discontinued that hedging relationship solely due to changes required by interest rate benchmark reform and the entity would not have been required to discontinue that hedging relationship if these amendments had been applied at that time; and</p> <p>(b) at the beginning of the reporting period in which an entity first applies these amendments (date of initial application of these amendments), that discontinued hedging relationship meets the qualifying criteria for hedge accounting (after taking into account these amendments).</p>
108J	<p>If, in applying paragraph 108I, an entity reinstates a discontinued hedging relationship, the entity shall read references in paragraphs 102Z1 and 102Z2 to the date the alternative benchmark rate is designated as a non-contractually specified risk portion for the first time as referring to the date of initial application of these amendments (ie the 24-month period for that alternative benchmark rate designated as a non-contractually specified risk portion begins from the date of initial application of these amendments).</p>
108K	<p><u>An entity is not required to restate prior periods to reflect the application of these amendments. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of these amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of these amendments.</u></p>
<b>LKAS 40 – Investment Property</b>	
20	<p>An <u>owned</u> investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement.</p>
60	<p>For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with LKAS 16, <u>SLFRS 16</u> or LKAS 2 shall be its fair value at the date of change in use.</p>
67	<p>The disposal of an investment property may be achieved by sale or by entering into a finance lease. The date of disposal for investment property that is sold is the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in SLFRS 15. SLFRS 16 applies to a disposal effected by entering into a finance lease and to a sale and leaseback.</p>
<b>LKAS 41 - Agriculture</b>	
2	<p>This Standard does not apply to:</p> <p>.....</p> <p>(e) <u>right-of-use assets arising from a lease of land related to agricultural activity (see SLFRS 16 Leases).</u></p>

64	SLFRS 16, issued in April 2016, amended paragraph 2. An entity shall apply that amendment when it applies SLFRS 16.
65	<i>[This paragraph refers to amendments that are not yet effective, and is therefore not included in this edition.]</i>
<b>LKAS 41 - Agriculture</b>	
2	This Standard does not apply to: ..... (e) right-of-use assets arising from a lease of land related to agricultural activity (see SLFRS 16 <i>Leases</i> ).
64	SLFRS 16, issued in April 2016, amended paragraph 2. An entity shall apply that amendment when it applies SLFRS 16.
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