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IFRS[®] Standards

Illustrative Examples, Implementation Guidance
and IFRS Practice Statements

Amendments to References to the Conceptual Framework in IFRS Standards

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Conceptual Framework in IFRS Standards**

Amendments to illustrative examples,
implementation guidance and
IFRS practice statements

Amendments to References to the Conceptual Framework in IFRS Standards—Amendments to illustrative examples, implementation guidance and IFRS practice statements is issued by the International Accounting Standards Board (Board).

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CONTENTS

	<i>from page</i>
AMENDMENTS TO:	
GUIDANCE ON IMPLEMENTING IFRS 4 <i>INSURANCE CONTRACTS</i>	4
ILLUSTRATIVE EXAMPLES ON IAS 34 <i>INTERIM FINANCIAL REPORTING</i>	4
IFRS PRACTICE STATEMENT 2 <i>MAKING MATERIALITY JUDGEMENTS</i>	5

Amendments to Guidance on implementing IFRS 4 *Insurance Contracts*

As a consequence of amending paragraph 7 of IAS 1 *Presentation of Financial Statements*, paragraph IG16 is amended, and the footnote to 'paragraph 25' in paragraph IG16 is deleted. New text is underlined and deleted text is struck through.

Materiality

...

IG16 IAS 1 also explains the following:

Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. ~~The Framework for the Preparation and Presentation of Financial Statements states in paragraph 25² that 'users~~Users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.² Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

² IASC's *Framework for the Preparation and Presentation of Financial Statements* was adopted by the IASB in 2001. In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*. Paragraph 25 was superseded by Chapter 3 of the *Conceptual Framework*.

Amendment to Illustrative Examples on IAS 34 *Interim Financial Reporting*

A footnote is added to '*Conceptual Framework*' in paragraph B23.

* The reference to the *Conceptual Framework* is to the *Conceptual Framework for Financial Reporting*, issued in 2010.

Amendments to IFRS Practice Statement 2 *Making Materiality Judgements*

Paragraph 5 and the footnote to the quotation from the *Conceptual Framework* in paragraph 5 are amended. New text is underlined and deleted text is struck through.

Definition of material

- 5 The *Conceptual Framework for Financial Reporting (Conceptual Framework)* provides the following definition of material information (IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provide similar definitions*):

Information is material if omitting it or misstating it could 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. 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.[†]

- [†] Paragraph ~~QC142.11~~ of the *Conceptual Framework for Financial Reporting (Conceptual Framework)*. ...

The footnote to the first sentence in paragraph 7 is amended. New text is underlined and deleted text is struck through.

- * See paragraph ~~OB21.2~~ of the *Conceptual Framework*.

The footnote to the second sentence in paragraph 13 is amended. New text is underlined and deleted text is struck through.

- * See paragraph ~~OB51.5~~ of the *Conceptual Framework*.

The footnote to the last sentence in paragraph 13 is amended. New text is underlined and deleted text is struck through.

- * See paragraphs ~~OB91.9~~ and ~~OB101.10~~ of the *Conceptual Framework*.

The footnote to paragraph 15 is amended. New text is underlined and deleted text is struck through.

- * See paragraph ~~QC322.36~~ of the *Conceptual Framework*.

The footnote to the second sentence in paragraph 17 is deleted. Deleted text is struck through.

- ≡ ~~The International Accounting Standards Board (Board) considers primary users' resource allocation decisions to include decisions needed to exercise rights while holding investments, such as rights to vote on or otherwise influence management's actions that affect the use of the entity's economic resources. The Board has tentatively decided to clarify this point, which was previously implicit in the phrase 'decisions to hold equity instruments', as part of its deliberations on the revised *Conceptual Framework*.~~

The footnote to 'credit,' in paragraph 17 is amended and the footnote marker is moved to the end of the second sentence in that paragraph. New text is underlined and deleted text is struck through.

- * See paragraph ~~OB21.2~~ of the *Conceptual Framework*.

The footnote to paragraph 18 is deleted. Deleted text is struck through.

- ≡ ~~Paragraph 1.3 of the Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting* (Conceptual Framework ED) proposed to reintroduce the term 'stewardship' and to explain explicitly that investors', creditors' and other lenders' expectations about returns also depend on their assessment of management's stewardship of the entity's resources. The Board has tentatively decided to confirm this as part of its deliberations on the revised *Conceptual Framework*.~~

The footnote to 'an entity,' in paragraph 18 is amended and the footnote marker is moved to the end of that paragraph. New text is underlined and deleted text is struck through.

- * See paragraph ~~OB31.3~~ of the *Conceptual Framework*.

The footnote to paragraph 19(b) is amended. New text is underlined and deleted text is struck through.

- * See paragraph ~~OB41.4~~ of the *Conceptual Framework*.

The footnote to the first sentence in paragraph 20 is amended. New text is underlined and deleted text is struck through.

* See paragraph ~~QC72.7~~ of the *Conceptual Framework*.

The footnote to the second sentence in paragraph 21 is amended. New text is underlined and deleted text is struck through.

* See paragraph ~~OB61.6~~ of the *Conceptual Framework*.

The footnote to the last sentence in paragraph 36 is amended. New text is underlined and deleted text is struck through.

* See paragraph ~~OB81.8~~ of the *Conceptual Framework*.

The footnote to the last sentence in paragraph 38 is amended. New text is underlined and deleted text is struck through.

* See paragraph ~~OB41.4~~ of the *Conceptual Framework*.

The footnote to the first sentence in paragraph 56 is amended. New text is underlined and deleted text is struck through.

* See paragraph ~~QC302.34~~ of the *Conceptual Framework*.

The footnote in the Appendix to the heading 'Extracts from the *Conceptual Framework for Financial Reporting*' is deleted. Deleted text is struck through.

* ~~References to the *Conceptual Framework for Financial Reporting* in this Practice Statement will be updated once the revised *Conceptual Framework* is issued.~~

In the Appendix, extracts from the *Conceptual Framework* issued in 2010 are replaced by corresponding extracts from the *Conceptual Framework* issued in 2018. The correspondence is shown in the following table.

Paragraph in the <i>Conceptual Framework</i> issued in 2010	Paragraph in the <i>Conceptual Framework</i> issued in 2018
OB2	1.2
OB3	1.3
OB4	1.4
OB5	1.5
OB6	1.6
OB8	1.8
OB9	1.9
OB10	1.10
QC7	2.7
QC11	2.11
QC30	2.34
QC32	2.36

As a consequence of amending paragraph 15 of IAS 1 *Presentation of Financial Statements*, the extract in the Appendix from paragraph 15 of IAS 1 is amended. New text is underlined and deleted text is struck through.

- 15** **Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the ~~Framework~~Conceptual Framework for Financial Reporting (Conceptual Framework). The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.**



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