Annual Improvements to IFRS Standards 2015 – 2017 Cycle

Amended Standard	**Title**	**Description of Change and Comments**	**Code Amendment**
IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*	Previously Held Interest in a Joint Operation	The amendments clarify that when a party to a joint arrangement (as defined in IFRS 11) obtains control of the joint arrangement that is a joint operation (again as defined in IFRS 11), the transaction is a business combination achieved in stages. This would involve re-measurement of the previously held interest at fair value. Application is applied to those business acquisitions for local authorities for the annual reporting periods on or after 1 April 2019 (subject to EU adoption). The amendments to IFRS 11 clarify that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. The amendments are effective for transactions resulting in obtaining joint control on or after the beginning of annual reporting periods beginning on or after 1 January 2018. CIPFA/LASAAC does not propose amending the provisions of IFRSs 3 or 11 in the 2019/20 Code and where local authorities have such transactions they will need to refer to the standard.	Transitional reporting requirements referred to in Appendix C and included in the list of amended standards in Appendix D.
IAS 12 *Income Taxes*	Income tax Consequences of Payments on Financial Instruments Classified as Equity	The amendment requires the income tax consequences of dividends should be recognised according to where the past transactions or events that generated distributable profits were recognised. Therefore the income tax consequences of dividends should be recognised in profit or loss; other comprehensive income; or equity dependent on where the entity originally recognised the past transactions or events which generated distributable profits. These amendments should be applied for annual periods beginning on or after 1 January 2019 to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The Code refers to the Group Accounts adoption of IAS 12 and therefore	Transitional reporting requirements referred to in Appendix C and included in the list of amended standards in Appendix D.

		these amendments will apply to local authority Group Accounts again no direct reference to these amendments will be included in the Code in accordance with the overall approach to the adoption of IAS 12.	
IAS 23 *Borrowing Costs*	Borrowing Costs Eligible for Capitalisation	The amendment affects the specification for calculation of borrowing costs which can be capitalised when a 'weighted average' borrowing cost is used (eg where borrowing is not hypothecated to specific assets). The existing requirements exclude borrowings made specifically to obtain a qualifying asset. The amendment specifies that the exclusion applies to such borrowings up to the point at which "substantially all the activities necessary to prepare that asset for its intended use or sale" are complete. Application is prospective.	Transitional reporting requirements referred to in Appendix C and included in the list of amended standards in Appendix D