

MFRS News

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MFRS News is your monthly update on all things relating to Malaysian Financial Reporting Standards. We'll bring you up to speed on topical issues, provide comment and points of view and give you a summary of any significant developments.



New annual improvements proposals published

The IASB (equivalent to MASB) has published an Exposure Draft (ED) 'Annual Improvements to IFRS Standards 2018 - 2020 Cycle' (equivalent to Annual Improvements to MFRS Standards 2018 - 2020 Cycle') which proposes minor amendments to four Standards.

The proposals are the latest under the MASB's annual improvements project, a process for making non-urgent, but necessary, minor amendments to MFRS. A summary of the proposals, which reflect issues discussed by the MASB in a project cycle that began in 2018, is set out in the table below.

Standard	Issue	Proposed change
MFRS 1 First-time Adoption of International Financial Reporting Standards	Subsidiary as a first-time adopter	<p>The proposal extends the exemption in paragraph D16(a) to cumulative translation differences reported by a subsidiary that becomes a first-time adopter later than its parent.</p> <p>The ED proposes to require a subsidiary that elects to apply paragraph D16(a) of MFRS 1 'First-time Adoption of International Financial Reporting Standards' to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRSs. This means a subsidiary will not have to keep two parallel sets of accounting records based on different dates of transition to MFRS.</p> <p>This proposed amendment would also apply to an associate or joint venture that elects to apply paragraph D16(a) of MFRS 1.</p>
MFRS 9 Financial Instruments	Fees included in the '10 per cent' test for derecognition of financial liabilities	<p>In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different by reference to the '10 percent test'.</p> <p>The ED proposes to clarify the fees that an entity includes when applying that test.</p> <p>The proposals state that a borrower should include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.</p>
Illustrative Examples accompanying MFRS 16 Leases	Lease incentives	<p>The Board proposes to amend Illustrative Example 13 that accompanies MFRS 16 'Leases' to remove the illustration of payments from the lessor relating to leasehold improvements.</p> <p>The proposed amendment would remove the potential confusion regarding the treatment of lease incentives when applying MFRS 16.</p>
MFRS 141 Agriculture	Taxation in fair value measurements	<p>The Board proposes to remove the requirement in paragraph 22 of MFRS 141 'Agriculture' for entities to exclude cash flows for taxation when measuring fair value and applying the requirements of MFRS 141.</p>



Contact us

We hope you find the information in this article helpful in giving you some detail into aspects of the New Annual Improvements Proposals Published. If you would like to discuss any of the points raised, please speak to your usual Grant Thornton contact or visit www.grantthornton.com.my to find your local member firm.



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