Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

Paragraphs 6 and 11(b) are amended. The footnotes to 'paragraph 25' in paragraph 6 and to paragraph 11(b) are deleted and a new footnote to paragraph 11(b) is added. The heading before paragraph 54 is amended and paragraphs 54F–54G are added. New text is underlined and deleted text is struck through.

Definitions

…

6 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 25~~[2] ~~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.~~'~~ 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~~ ~~The *Framework for the Preparation and Presentation of Financial Statements* was adopted by the MASB in 2007. In November 2011 the MASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*. Paragraph 25 was superseded by Chapter 3 of the Conceptual Framework.~~

…

Selection and application of accounting policies

…

11 In making the judgement described in paragraph 10, management shall refer to, and consider the applicability of, the following sources in descending order:

(a) **the requirements in MFRSs dealing with similar and related issues; and**

(b) **the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the ~~*Framework*~~*Conceptual Framework for Financial Reporting* (*Conceptual Framework*).**~~[3]~~[†]

~~[3] In November 2011 the MASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

[†] Paragraph 54G explains how this requirement is amended for regulatory account balances.

…

Effective date and transition

…

54F *Amendments to References to the Conceptual Framework in MFRS Standards*, issued in 2018, amended paragraphs 6 and 11(b). An entity shall apply those amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by *Amendments to References to the Conceptual Framework in MFRS Standards*. An entity shall apply the amendments to paragraphs 6 and 11(b) retrospectively in accordance with this Standard. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to paragraphs 6 and 11(b) by reference to paragraphs 23–28 of this Standard. If retrospective application of any amendment in *Amendments to References to the Conceptual Framework in MFRS Standards* would involve undue cost or effort, an entity shall, in applying paragraphs 23–28 of this Standard, read any reference except in the last sentence of paragraph 27 to 'is impracticable' as 'involves undue cost or effort' and any reference to 'practicable' as 'possible without undue cost or effort'.

54G If an entity does not apply MFRS 14 *Regulatory Deferral Accounts*, the entity shall, in applying paragraph 11(b) to regulatory account balances, continue to refer to, and consider the applicability of, the definitions, recognition criteria, and measurement concepts in the

Framework for the Preparation and Presentation of Financial Statements[*] instead of those in the *Conceptual Framework*. A regulatory account balance is the balance of any expense (or income) account that is not recognised as an asset or a liability in accordance with other applicable MFRS Standards but is included, or is expected to be included, by the rate regulator in establishing the rate(s) that can be charged to customers. A rate regulator is an authorised body that is empowered by statute or regulation to establish the rate or a range of rates that bind an entity. The rate regulator may be a third-party body or a related party of the entity, including the entity's own governing board, if that body is required by statute or regulation to set rates both in the interest of the customers and to ensure the overall financial viability of the entity.

* The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the MASB in 2007.