

August 2010

Exposure Draft ED/2010/10

Removal of Fixed Dates for First-time Adopters

Proposed amendments to IFRS 1

Comments to be received by 27 October 2010

Exposure Draft

**Removal of Fixed Dates
for First-time Adopters
(proposed amendments to IFRS 1)**

Comments to be received by 27 October 2010

ED/2010/10

This exposure draft *Removal of Fixed Dates for First-time Adopters* (proposed amendments to IFRS 1) is published by the International Accounting Standards Board (IASB) for comment only. The proposals may be modified in the light of the comments received before being issued in final form as amendments to IFRS 1. Comments on the exposure draft and the Basis for Conclusions should be submitted in writing so as to be received by **27 October 2010**. Respondents are asked to send their comments electronically to the IFRS Foundation website (www.ifrs.org), using the 'Open to Comment' page.

All responses will be put on the public record unless the respondent requests confidentiality. However, such requests will not normally be granted unless supported by good reason, such as commercial confidence.

The IASB, the IFRS Foundation, the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

Copyright © 2010 IFRS Foundation[®]

ISBN: 978-1-907026-89-8

All rights reserved. Copies of the draft amendments and the accompanying documents may be made for the purpose of preparing comments to be submitted to the IASB, provided such copies are for personal or intra-organisational use only and are not sold or disseminated and provided each copy acknowledges the IFRS Foundation's copyright and sets out the IASB's address in full. Otherwise, no part of this publication may be translated, reprinted or reproduced or utilised in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or in any information storage and retrieval system, without prior permission in writing from the IFRS Foundation.



The IFRS Foundation logo/the IASB logo/'Hexagon Device', 'IFRS Foundation', 'eIFRS', 'IAS', 'IASB', 'IASC Foundation', 'IASCF', 'IFRS for SMEs', 'IASs', 'IFRIC', 'IFRS', 'IFRSs', 'International Accounting Standards', 'International Financial Reporting Standards' and 'SIC' are Trade Marks of the IFRS Foundation.

**Additional copies of this publication may be obtained from:
IFRS Foundation Publications Department,
1st Floor, 30 Cannon Street, London EC4M 6XH, United Kingdom.
Tel: +44 (0)20 7332 2730 Fax: +44 (0)20 7332 2749
Email: publications@ifrs.org Web: www.ifrs.org**

CONTENTS

INVITATION TO COMMENT

**[DRAFT] PROPOSED AMENDMENTS TO IFRS 1
*FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL
REPORTING STANDARDS***

PROPOSED AMENDMENTS TO IFRS 1

BASIS FOR CONCLUSIONS

APPROVAL BY THE BOARD OF *REMOVAL OF FIXED DATES
FOR FIRST-TIME ADOPTERS* PUBLISHED IN AUGUST 2010

INVITATION TO COMMENT

The International Accounting Standards Board invites comments on the proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Comments are most helpful if they contain a clear rationale and, when applicable, provide a suggestion for alternative wording the Board should consider. Comments should be submitted in writing so as to be received no later than **27 October 2010**.

Proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*

Appendix B

Exceptions to the retrospective application of other IFRSs

Paragraph B2 is amended (new text is underlined and deleted text is struck through).

Derecognition of financial assets and financial liabilities

- B2 Except as permitted by paragraph B3, a first-time adopter shall apply the derecognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement* prospectively for transactions occurring on or after ~~1 January 2004~~ the date of transition to IFRSs. In other words, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before ~~1 January 2004~~ the date of transition to IFRSs, it shall not recognise those assets and liabilities in accordance with IFRSs (unless they qualify for recognition as a result of a later transaction or event).

Appendix D

Exemptions from other IFRSs

Paragraph D20 is amended (new text is underlined and deleted text is struck through).

Fair value measurement of financial assets or financial liabilities at initial recognition

- D20 Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of IAS 39 paragraph AG76 and in paragraph AG76A, ~~in either of the following ways:~~ prospectively to transactions entered into on or after the date of transition to IFRSs.
- (a) ~~prospectively to transactions entered into after 25 October 2002; or~~
 - (b) ~~prospectively to transactions entered into after 1 January 2004.~~

Effective date

Paragraph 39F is added.

- 39F *Removal of Fixed Dates for First-time Adopters* (Amendments to IFRS 1), issued in [date], amended paragraphs B2 and D20. An entity shall apply those amendments for annual periods beginning on or after [date to be inserted after exposure]. Earlier application is permitted.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, the proposed amendments.

- BC1 IFRS 1 *First-time Adoption of International Financial Reporting Standards* requires a first-time adopter to restate past derecognition transactions that occurred after 1 January 2004. This requirement was included in IFRS 1 as a result of the revision to IAS 39 *Financial Instruments: Recognition and Measurement* in 2003, to place entities then adopting IFRSs for the first time in the same position as existing IFRS users at that time. As time passes, the fixed transition date of 1 January 2004 becomes more remote and increasingly less relevant to the financial reports of additional jurisdictions that will adopt IFRSs.
- BC2 In 2010 the International Accounting Standards Board was asked to reconsider whether 1 January 2004 is the appropriate date at which a first-time adopter should be required to restate past derecognition transactions since 1 January 2004. At its meeting in July 2010 the Board accepted that the cost of reconstructing transactions back in time to 1 January 2004 was likely to outweigh the benefit to be achieved in doing so. It therefore decided to amend the fixed date of 1 January 2004 in paragraph B2 of IFRS 1 to ‘the date of transition to IFRSs’.
- BC3 The Board also decided to amend the fixed dates included in paragraph D20 of IFRS 1 for the same reason. Consequently, the Board proposes that in paragraph D20(b), the date of 1 January 2004 should be amended to ‘the date of transition to IFRSs’, and paragraph D20(a) deleted.

Approval by the Board of *Removal of Fixed Dates for First-time Adopters* published in August 2010

The exposure draft *Removal of Fixed Dates for First-time Adopters* (proposed amendments to IFRS 1) was approved for publication by the fourteen members of the International Accounting Standards Board.

Sir David Tweedie Chairman

Stephen Cooper

Philippe Danjou

Jan Engström

Patrick Finnegan

Amaro Luiz de Oliveira Gomes

Prabhakar Kalavacherla

Elke König

Patricia McConnell

Warren J McGregor

Paul Pacter

John T Smith

Tatsumi Yamada

Wei-Guo Zhang