7 May 2010

Straight away

IFRS bulletin from PricewaterhouseCoopers

IASB releases annual improvements to IFRSs ('Annual Improvements 2010')

What is the issue?

The annual improvements process provides a vehicle for making non-urgent but necessary amendments to IFRSs. Amendments this year effect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13. The amendments are generally applicable for annual periods beginning after 1 January 2011. Early application is permitted.

Am I affected?

The amendments are seemingly minor changes. However, if you are affected, the impact could be significant.

What do I need to do?

Please read the final amendments in their entirety and with close attention to determine the impact to you. The following is a summary of the amendments.

- IFRS 1 – A first-time adopter that changes its accounting policies or its use of IFRS 1 exemptions after publishing a set of IAS 34 interim financial information should explain those changes and include the effects of such changes in its opening reconciliations within the first annual IFRS reporting.

- IFRS 1 – The exemption to use a 'deemed cost' arising from a revaluation triggered by an event such as a privatisation that occurred at or before the date of transition to IFRS is extended to revaluations that occur during the period covered by the first IFRS financial statements.

- IFRS 1 – Entities subject to rate regulation are allowed to use previous GAAP carrying amounts of property, plant and equipment or intangible assets as deemed cost on an item-by-item basis. Entities that use this exemption are required to test each item for impairment under IAS 36 at the date of transition.

- IFRS 3 – Contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 (2008) are to be accounted for in accordance with the guidance in the previous version of IFRS 3 (as issued in 2004).

- IFRS 3 – The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.

- IFRS 3 – The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards.

- IFRS 7 – The amendments include multiple clarifications related to the disclosure of financial instruments.

- IAS 1 – Entities may present either in the statement of changes in equity or within the notes an analysis of the components of other comprehensive income by item.

- IAS 27 – The consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively.

- IAS 34 – Greater emphasis has been placed on the disclosure principles in IAS 34 involving significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.

- IFRIC 13 – The meaning of the term 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes.