

Straight away

IFRS bulletin from PricewaterhouseCoopers

IFRS 1 amendment to provide limited exemption from comparative IFRS 7 disclosures for first-time adopters

What is the issue?

Existing IFRS preparers were granted relief from presenting comparative information for the new disclosures required by the March 2009 amendments to IFRS 7 'Financial Instruments: Disclosures'. The relief was provided because the amendments to IFRS 7 were issued after the comparative periods had ended, and the use of hindsight would have been required. The Board therefore permitted entities to exclude comparative disclosures in the first year of application.

Certain first-time adopters (for example, those with a first reporting period beginning on or after 1 January 2009) would otherwise be required to make the comparative period disclosures, as first-time adopters do not use the transition provisions in other IFRSs. The Board has therefore proposed an amendment to IFRS 1 to provide first-time adopters with the same transition provisions (and thereby the same relief) as included in the amendment to IFRS 7. The Board made a consequential amendment to IFRS 7 to remove the wording, "In the first year of application", and to replace it with date-specific relief for comparative information. Any comparative periods that end before 31 December 2009 are exempt from the disclosures required by the amendments to IFRS 7. The relief applies to disclosures related to both the statement of comprehensive income and the statement of financial position.

Am I affected?

A first-time adopter may use the relief offered under the amendment to the extent its first IFRS financial statements present comparative periods that end before 31 December 2009. This includes any comparative annual periods that end before 31 December 2009 and any year-end comparative statements of financial position as at a date before 31 December 2009. This includes the opening statement of financial position as at the date of transition. Any comparative interim periods (full financial statements and not IAS 34 condensed) that fell within the first annual period for which the amended IFRS 7 disclosures were effective are not exempt. The proposed amendment will be effective for annual periods beginning on or after 1 July 2010, with early application permitted. Early application will be required for a first-time adopter that has a first reporting period that begins earlier than 1 July 2010 in order to benefit from the disclosure relief. This early application of the amendment will need to be disclosed.

What do I need to do?

First-time adopters should consider the comparative periods that are being presented in their first IFRS financial statements and determine whether they should take advantage of the disclosure relief offered by this amendment.

If you have questions on the application of the amendment or require further information, speak to your regular PwC contact.

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