



Solution 1.1

Component	International Financial Reporting Standard Setting
Index	Application of new standards
Short title	Selective early adoption of improved standards

Attention: This guidance is based on the revised standards and interpretations that are mandatory for accounting periods commencing 1 January 2005. A company may early adopt an individual revised standard, but only in its entirety. Guidance based on the previous version of the standards is included in the "Applying IFRS 2004" guidance.

Issue

An accounting policy shall be changed only if [IAS8R.14](#):

- a) a Standard or Interpretation requires it; or
- b) it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

The IASB issued 13 revised standards in December 2003 which must be applied for annual periods beginning or after 1 January 2005. Early adoption is encouraged.

Can some, but not all, of the revised standards be early adopted?

Background

Entity A's management plans to adopt some, but not all, of the revised standards for the 2003 financial statements. The financial statements of entity A will be issued in July 2004.

Solution

Yes. There is no requirement for the improvements to be adopted as a single package. A's management may choose which standards it early adopts. However, all changes of each individual standard must be implemented at the same time. Selective application of different elements within an individual standard is not permitted.

Selective adoption of certain standards might not reflect well on the credibility of management and the organisation as a whole.

Each standard should be considered separately. Changes in accounting policies should be treated in accordance with IAS 8 [IAS8R.19](#).

IAS 8R [IAS8R.30](#) requires entities that have not adopted a new standard or interpretation to disclose this fact and the known or reliably estimable



information relevant to assessing the possible impact that the new Standard or Interpretation will have on the entity's financial statements in the period of initial application. However, this requirement is effective once IAS 8R itself is adopted.