

Straight away

IFRS bulletin from PricewaterhouseCoopers

Proposed amendment to remove fixed dates for first-time adopters

What is the issue?

The proposed amendment to IFRS 1 will eliminate references to fixed dates for one exception and one exemption in the standard; both dealing with financial assets and liabilities. The first change will require first time adopters to apply the derecognition requirements of IFRS prospectively from the date of transition, rather than from 1 January 2004. The second amendment relates to financial assets or liabilities at fair value on initial recognition where the fair value is established through valuation techniques in the absence of an active market. The proposal is that the guidance in IAS 39.76 and IAS 39.76A can be applied prospectively from the date of transition to IFRS rather than from 25 October 2002 or 1 January 2004. This means that a first time adopter does not need to reconstruct fair value for financial assets and liabilities for periods prior to the date of transition.

Am I affected?

Entities adopting IFRS that had derecognised financial assets or liabilities prior to the date of transition to IFRS will need to apply the derecognition guidance from the date of transition as it is a mandatory exception. The second change will only be relevant for entities that elect to use the exemption for fair value established by valuation techniques. The effective date for the proposed amendment is uncertain but it is expected to be available for early adoption if the amendment goes forward so that it is available for entities adopting in 2011.

What do I need to do?

The IASB is requesting comments on the proposed amendment by 27 October 2010. Management should consider commenting on the proposed amendment. If you have questions on the application of the proposed amendment or require further information, speak to your regular PwC contact.

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. It does not take into account any objectives, financial situation or needs of any recipient; any recipient should not act upon the information contained in this publication without obtaining independent professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2010 PricewaterhouseCoopers. All rights reserved. PricewaterhouseCoopers refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.