

# INTERNATIONAL FINANCIAL REPORTING BULLETIN 2010/08

## LIMITED EXEMPTION FROM COMPARATIVE IFRS 7 DISCLOSURES FOR FIRST-TIME ADOPTERS (AMENDMENT TO IFRS 1)



### Background

In March 2009 the International Accounting Standards Board (IASB) issued *Improving Disclosures about Financial Instruments* (Amendments to IFRS 7). These amendments introduced a three tier hierarchy for certain fair value disclosures, with financial instruments being analysed among level 1 (quoted prices in active markets), level 2 (where inputs to valuations are directly or indirectly linked to quoted prices in active markets) and level 3 (where inputs to valuations are not based on observable market data).

Entities that already report in accordance with IFRS are required to apply these amendments for annual periods beginning on or after 1 January 2009 with earlier application permitted. However, in its first year of application of the amendments to IFRS 7, an entity that already reports in accordance with IFRS is not required to provide comparative information.

To avoid the potential use of hindsight and to ensure a first-time adopter is treated no differently from current IFRS preparers, the Board decided that first-time adopters should be permitted to use the same transitional provisions permitted for existing IFRS preparers that are included in related amendments to IFRS 7. As a result, the *Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters* (Amendment to IFRS 1) adds a paragraph to Appendix E of IFRS 1, which covers short-term exemptions from IFRSs, to give that relief.

### Requirements

The amendment to IFRS 1 permits a first-time adopter to apply the transitional provisions in paragraph 44G of IFRS 7. The effect is that an entity does not need to provide comparative information for the disclosures required by the amendments to IFRS 7 where the comparative period end is before 31 December 2009.

### Effective date

The amendment to IFRS 1 is effective for annual periods beginning on or after 1 July 2010, with earlier application being permitted. If the amendment is applied for an earlier period, an entity is required to disclose that fact.

### STATUS


Final

### EFFECTIVE DATE

Annual periods beginning on or after 1 July 2010

### ACCOUNTING IMPACT

Relief from the provision of certain comparative IFRS 7 disclosures



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