

INTERNATIONAL FINANCIAL REPORTING BULLETIN 2011/15

IFRSs, IFRICs AND AMENDMENTS THAT ARE MANDATORY FOR THE FIRST TIME FOR 31 DECEMBER 2011 YEAR ENDS

IFRSs, IFRICs and amendments that are mandatory for the first time for 31 December 2011 year ends

In order to comply with paragraph 28 in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* entities need to disclose effects of the initial application of IFRSs, IFRICs and amendments that are mandatory for the first time.

To determine the amount of the adjustment an entity shall disclose:

- a) the title of the IFRS;
- b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
- c) the nature of the change in accounting policy;
- d) when applicable, a description of the transitional provisions;
- e) when applicable, the transitional provisions that might have an effect on future periods;
- f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
 - (i) for each financial statement line item affected; and
 - (ii) if IAS 33 Earnings per Share applies to the entity, for basic and diluted earnings per share;
- g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
- h) if retrospective application required is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The list below shows the IFRSs, IFRICs and amendments that are mandatory for the first time for 31 December 2011 year ends.

1. IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment)
2. IFRS 1 First-time Adoption of International Financial Reporting Standards – Improvements to IFRSs (2010)
3. IFRS 3 Business Combinations – Improvements to IFRSs (2010)
4. IFRS 7 Financial Instruments: Disclosures – Improvements to IFRSs (2010)
5. IAS 1 Presentation of Financial Statements – Improvements to IFRSs (2010)
6. IAS 24 (Revised) Related Party Disclosures
7. Consequential Amendments from IAS 27 Consolidated and Separate Financial Statements to IAS 21, IAS 28 and IAS 31
8. IAS 32 Classification of Rights Issues (Amendment)
9. IAS 34 Interim Financial Reporting – Improvements to IFRSs (2010)
10. IFRIC 13 Customer Loyalty Programmes – Improvements to IFRSs (2010)
11. IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)
12. IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

STATUS

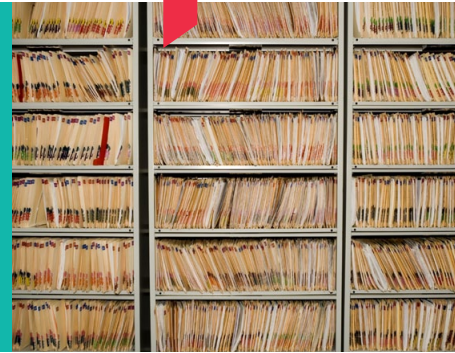
Final

EFFECTIVE DATE

n/a

ACCOUNTING IMPACT

Potentially significant, with a wide range of new and amended IFRSs and interpretations becoming effective for the first time.




IFRS	Mandatory IFRSs adoption for 2011 – Standards and Amendments	Effective Date
IFRS 1 First-time Adoption of International Financial Reporting Standards		
1. Amendment to IFRS 1 Issued: 28 January 2010	<p><i>Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters</i></p> <p>The amendment permits first-time adopters to use the same transitional provisions as are available to existing preparers of IFRS financial statements that are included in <i>Improving Disclosures about Financial Instruments (Amendments to IFRS 7)</i>. This means that an entity need not present comparative information for the disclosures required by the amendment to IFRS 7 for:</p> <p>a) any annual or interim period, including any statement of financial position, presented within an annual comparative period ending before 31 December 2009, or</p> <p>b) any statement of financial position as at the beginning of the earliest comparative period as at a date before 31 December 2009.</p> <p>Accounting impact: Relief from the provision of certain comparative IFRS 7 disclosures.</p> <p>For more information see IFRB 2010/08.</p>	<p>Mandatory adoption for periods beginning on or after 1 July 2010</p> <p>Early adoption permitted</p> <p>EU endorsement status: Endorsed on 30 June 2010</p>
2. Improvements to IFRSs (2010) Issued: 6 May 2010	<p><i>Changes in accounting policies during an entity's year of adoption of IFRS</i></p> <p>If a first-time adopter changes its accounting policies or its use of exemptions in IFRS 1 after the date of its first interim financial report prepared in accordance with IAS 34, but before the issue of its first annual IFRS financial statements, the reconciliations between previous GAAP and IFRS are required to be updated. The requirements of IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> do not apply.</p> <p><i>Use of revalued amount as deemed cost</i></p> <p>The relief available under IFRS 1 for the use of fair value as deemed cost has been extended from 'event driven fair value' measurements which are carried out at or before an entity's date of transition to IFRS to include measurements that are carried out between the date of transition and the end of the entity's first annual IFRS reporting period. An event driven fair value is specified as a remeasurement to fair value of some or all assets and liabilities on an event such as a privatisation or public offering.</p> <p>As an example, if an entity chooses to use an event driven fair value as deemed cost under IFRS for an asset where the measurement date is after its date of transition to IFRS but before the end of the entity's first annual IFRS reporting period, an adjustment will be made to equity as at the fair value measurement date. During the period from transition date to the fair value measurement date, historical cost or other amounts permitted by IFRS are presented. The IASB rejected an approach of 'working back' from the measurement date to a deemed cost at an entity's date of transition to IFRS, on the basis that this would require the use of hindsight and would result in a carrying amount at transition date that was neither historical cost nor fair value.</p> <p><i>Deemed cost for assets used in operations subject to rate regulation</i></p> <p>The amendment permits a first-time adopter to use its previous GAAP carrying amounts for property, plant and equipment and intangible assets that are, or were previously, used in operations subject to rate regulation, as deemed cost at the date of transition to IFRS. This election is available on an individual asset basis.</p>	<p>Mandatory adoption for periods beginning on or after 1 January 2011</p> <p>Early adoption permitted</p> <p>EU endorsement status: Endorsed on 18 February 2011</p>

IFRS	Mandatory IFRSs adoption for 2011 – Standards and Amendments	Effective Date
IFRS 3 Business Combinations		
3. Improvements to IFRSs (2010) Issued: 6 May 2010	<p><i>Measurement of Non-Controlling Interest (NCI)</i></p> <p>The amendment clarifies that the option to measure NCI at either fair value, or the proportionate share of the acquisition date fair value of the acquiree's identifiable net assets that are recognised by the acquirer, applies only to instruments that give the NCI a present ownership interest and entitle the holder to a proportionate share of net assets in the event of liquidation. All other components of NCI are measured at their acquisition date fair value, unless another measurement is required by IFRS.</p> <p>The amendment has been made to ensure that certain components of NCI are not measured at zero. For example, if a share-based payment transaction is classified as equity, it is measured in accordance with IFRS 2 <i>Share-based Payment</i>. Another example is a preference share that represents NCI, being an equity instrument, with its holder being entitled to a return of the initial amount subscribed on liquidation. The NCI that relates to the preference shares is measured at fair value.</p> <p><i>Share-based payment transactions of an acquiree that are either not replaced on a business combination or are voluntarily replaced</i></p> <p>The current requirement for an acquirer to measure share-based payment awards, that it issues to replace existing awards of an acquiree at the acquisition date, in accordance with IFRS 2 has been extended. This means that existing share-based payment awards of an acquiree that are not replaced in a business combination are also measured by the acquirer in accordance with IFRS 2 at the acquisition date. If the awards have not vested at the acquisition date, they are accounted for as if the acquisition date was the grant date. If the awards have vested at the acquisition date, they are accounted for as part of NCI in the acquiree.</p> <p>An acquirer may exchange its own share-based payment awards for awards held by employees of the acquiree. The current requirement is to account for that exchange as a modification of the existing arrangement where the acquirer is obliged to replace the existing awards. This requirement is retained with the amount calculated in accordance with IFRS 2 being allocated between the cost of the business combination and post acquisition services. The amendment extends this to cover replacement awards where the acquirer is not obliged to replace the existing awards, but chooses to do so voluntarily.</p> <p>In some cases, existing share-based payment awards previously issued by an acquiree expire as a result of a business combination. In those circumstances, if the acquirer replaces those awards voluntarily, the entire fair value of those replacement awards calculated in accordance with IFRS 2 is accounted for as a post acquisition remuneration expense.</p> <p><i>Transition – contingent consideration balances arising from business combinations that took place prior to the adoption of IFRS 3 (2008)</i></p> <p>IFRS 3 (2008) included a consequential amendment to IAS 39 that brought contingent consideration balances arising on a business combination within the scope of that standard. This means that instead of changes in the carrying amount of contingent consideration after the acquisition date being accounted for as an adjustment to the cost of the original business combination, they are now accounted for in accordance with IAS 39 and recognised in profit or loss. The amendment clarifies that the change in scope of IAS 39 is applied to business combinations on a prospective basis, meaning that where a business combination took place before the date of adoption of IFRS 3 (2008), changes in contingent consideration are still accounted for as an adjustment to the cost of the original business combination.</p>	<p>Mandatory adoption for periods beginning on or after 1 July 2010</p> <p>Early adoption permitted</p> <p>EU endorsement status: Endorsed on 18 February 2011</p> <p><i>On adoption, to be applied prospectively from the date on which IFRS 3 (2008) was first applied.</i></p>
IFRS 7 Financial Instruments: Disclosures		
4. Improvements to IFRSs (2010) Issued: 6 May 2010	<p><i>Clarification of disclosure requirements</i></p> <p>The amendment clarifies quantitative disclosure requirements for risks arising from financial instruments, and encourages accompanying narrative disclosures if the concentration of risk is not apparent from the quantitative disclosures.</p> <p>The requirements for disclosures of credit risk, including collateral held, are clarified and reduced, with the carrying amount of assets that would have been past due or impaired unless they had been renegotiated no longer needing to be disclosed.</p>	<p>Mandatory adoption for periods beginning on or after 1 January 2011</p> <p>Early adoption permitted</p> <p>EU endorsement status: Endorsed on 18 February 2011</p>

IFRS	Mandatory IFRSs adoption for 2011 – Standards and Amendments	Effective Date
IAS 1 Presentation of Financial Statements		
5. Improvements to IFRSs (2010) Issued: 6 May 2010	<i>Presentation of changes in equity</i> The amendment clarifies that the analysis of items of Other Comprehensive Income may be shown in either the (primary) statement of changes in equity, or in the notes to the financial statements.	Mandatory adoption for periods beginning on or after 1 January 2011 Early adoption permitted EU endorsement status: Endorsed on 18 February 2011
IAS 24 (Revised) Related Party Disclosures		
6. Revised IAS 24 Issued: 4 November 2009	<i>Related Party Disclosures</i> IAS 24 was revised in response to concerns that, in practice, the application of the existing disclosure requirements and the definition of a related party could be complex and difficult to apply in practice, particularly in environments where government control is pervasive. The revisions address these concerns by: <ul style="list-style-type: none"> • providing a partial exemption for government-related entities – under the previous requirements, if a government controlled, or significantly influenced, an entity, the entity was required to disclose information about all transactions with other entities controlled, or significantly influenced by the same government. The revised standard requires such entities to disclose information about individually and collectively significant related party transactions only. • providing a revised definition of a related party – the definition of a related party has been simplified and inconsistencies eliminated. Illustrative examples have also been added. The revised definition means that some entities may have more related parties for which disclosures will be required. The entities that are most likely to be affected are those that are part of a group that includes both subsidiaries and associates, and entities with shareholders that are involved with other entities. Accounting impact: Disclosure only. Provides a partial exemption from the disclosure requirements of IAS 24 for entities that are controlled, jointly controlled or significantly influenced by a state in relation to other state-controlled entities. Amends and clarifies the definition of a related party. For more information see IFRB 2010/01.	Mandatory adoption for periods beginning on or after 1 January 2011 Early adoption permitted EU endorsement status: Endorsed on 19 July 2010
Consequential amendments from IAS 27 Consolidated and Separate Financial Statements to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates, and IAS 31 Interests in Joint Ventures		
7. Improvements to IFRSs (2010) Issued: 6 May 2010	<i>Transitional requirements for consequential amendments</i> It has been clarified that the amendments made to IAS 21, IAS 28 and IAS 31 as a consequence of IAS 27 (revised 2008) are to be applied prospectively from the date of adoption of that standard (which is, annual periods beginning on/after 1 July 2009 with earlier application permitted). As exceptions, certain requirements of IAS 28 and IAS 31, which relate to accounting in the separate financial statements of the investor, are applied retrospectively.	Mandatory adoption for periods beginning on or after 1 July 2010 Early adoption permitted EU endorsement status: Endorsed on 18 February 2011
IAS 32 Financial Instruments: Presentation		
8. Amendment to IAS 32 Issued: 8 October 2009	<i>Classification of rights issues – amendment to IAS 32</i> The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities as the exposure to changes in exchange rates meant that the 'fixed for fixed' criterion was not met. However, the amendment requires that, provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. Accounting impact: Rights issues at a fixed price per share, when that price is stated in a currency other than an entity's functional currency, may be recorded as equity transactions rather than financial liabilities. For more information see IFRB 2009/10.	Mandatory adoption for periods beginning on or after 1 February 2010 Early adoption permitted EU endorsement status: Endorsed on 23 December 2009

IFRS	Mandatory IFRSs adoption for 2011 – Standards and Amendments	Effective Date
IAS 34 Interim Financial Reporting		
9. Improvements to IFRSs (2010) Issued: 6 May 2010	<p><i>Content of an interim financial report – significant events and transactions</i></p> <p>The amendments emphasise that disclosure about significant transactions and events is required to update relevant information presented in the most recent annual financial report.</p> <p>IAS 34 has been made more specific about events and transactions for which disclosure is required, and guidance has been added covering the application of the requirements for financial instruments.</p>	<p>Mandatory adoption for periods beginning on or after 1 January 2011</p> <p>Early adoption permitted</p> <p>EU endorsement status: Endorsed on 18 February 2011</p>
IFRIC 13 Customer Loyalty Programmes		
10. Improvements to IFRSs (2010) Issued: 6 May 2010	<p><i>Fair value of award credits</i></p> <p>The amendment clarifies that the fair value of award credits includes consideration of the amount of discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale.</p>	<p>Mandatory adoption for periods beginning on or after 1 January 2011</p> <p>Early adoption permitted</p> <p>EU endorsement status: Endorsed on 18 February 2011</p>
IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction		
11. Amendment to IFRIC 14 Issued: 26 November 2009	<p><i>Prepayment of a minimum funding requirement</i></p> <p>The amendment applies in the limited circumstances in which an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment expands the circumstances in which the benefit of such an early payment is recorded as an asset.</p> <p>Accounting impact: Additional prepayments of contributions to cover minimum funding requirements may be recorded as an asset.</p> <p>For more information see IFRB 2010/04.</p>	<p>Mandatory adoption for periods beginning on or after 1 January 2011</p> <p>Early adoption permitted</p> <p>EU endorsement status: Endorsed on 19 July 2010</p>
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments		
12. IFRIC 19 Issued: 26 November 2009	<p>IFRIC 19 addresses transactions in which an entity issues equity instruments to a creditor in return for the extinguishment of all or part of a financial liability (a 'debt for equity swap').</p> <p>IFRIC 19 does not apply to arrangements in which liabilities are extinguished in return for equity instruments in accordance with the original terms of the financial liability (such as convertible debt; these continue to be addressed by IAS 32), nor does it address the appropriate accounting approach to be adopted by the creditor.</p> <p>For transactions within its scope, where the whole of a financial liability is extinguished, IFRIC 19 requires the equity instruments issued to be measured at their fair value and the difference between that fair value and the carrying value of the financial liability extinguished to be recognised in profit or loss. Where only part of the financial liability is extinguished, an allocation of the consideration between the extinguished portion of the liability and the part of the liability that remains outstanding may be required depending on whether, and the extent to which, the contractual terms of the remaining liability have been modified.</p> <p>If it is not possible reliably to measure the equity instruments issued, the fair value of the debt extinguished is used instead. However, in these circumstances the guidance in IAS 39.39 relating to the valuation of financial liabilities with a demand feature is not applied.</p> <p>Accounting impact: May result in additional amounts being recognised in profit or loss as a result of debt for equity swaps.</p> <p>For more information see IFRB 2010/03.</p>	<p>Mandatory adoption for periods beginning on or after 1 July 2010</p> <p>Early adoption permitted</p> <p>EU endorsement status: Endorsed on 23 July 2010</p>



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