

IFRS 3 *Business Combinations* (July 2009)

Earlier application of revised IFRS 3

The IFRIC has received requests to clarify whether IFRS 3 (as revised in 2008) must be applied from the beginning of an annual period if it is adopted early. The IFRIC noted that paragraph 64 of IFRS 3 (as revised in 2008) requires the revised IFRS to be applied for the whole annual period if it is applied early. The IFRIC also noted that the question of whether an entity can decide during a reporting period to apply a revised IFRS early is not unique to the revised IFRS 3. The IFRIC observed that this question should be answered in accordance with the general principles in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, if an entity chooses to apply the revised IFRS 3 early, it must apply it to all business combinations that occurred in the annual period in which the revised IFRS is first applied.

The IFRIC concluded that relevant guidance on the early application of the revised IFRS 3 exists in IFRSs and it did not expect divergence in practice. Therefore, the IFRIC decided not to add the issue to its agenda.