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**International  
Accounting Standards  
Board**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.  
These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**Board Meeting:** December 2008, London  
**Project:** Annual Improvements 2007  
**Subject:** IFRS 1 – Change in effective date (Agenda paper 4)

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### **INTRODUCTION**

1. The staff received a request to reconsider the effective date of the revised standard published on 27 November 2008.
2. Currently, the revised standard is effective from 1 January 2009.
3. The constituents point out that such an effective date is inconsistent with the effective date of 1 July 2009 set out in paragraphs 36, 37 and 39 of the revised IFRS 1.

### **BACKGROUND**

4. The revised version of IFRS 1 published on 27 November 2008 is a restructured version of IFRS 1 and was part of the 2007 Annual Improvements project.
5. Restructuring IFRS 1 implied only moving paragraphs from the standard to appendices for better internal consistency and in order to ease amendments from future changes in other IFRSs. As a result, it was intended that no technical changes would be made to the standard. However, limited life exceptions that had already expired were deleted as they were no longer relevant.

6. The Annual Improvements ED that included the revised IFRS 1 proposed an effective date of 1 January 2009. At the time that ED was issued, it was anticipated that 1 January 2009 would also be the effective date of revised IFRS 3 and IAS 27. Respondents to the ED pointed out that the proposed effective date of the paragraphs related to the revised business combination standards did not match the effective date of those standards. Consequently, paragraphs 36, 37 and 39 of the revised IFRS 1 modified its effective date to 1 January 2009 for the specific paragraphs affected.
7. The issue is that the revised standard is effective from 1 January 2009 – the previous version is superseded. However, the paragraphs identified in paragraph 36, 37 and 39 are not effective until 1 July 2009. Therefore, technically IFRS 1 provides no guidance on the topics covered in the amended paragraphs from 1 January to 1 July 2009.

#### **STAFF RECOMMENDATION**

8. The staff is not aware of any jurisdictions adopting IFRS as of 1 January 2009 that would be affected. In addition, in the staff's view the reasonable exercise of judgement would lead constituents to follow the earlier versions of those paragraphs of IFRS 1 that related to IFRS 3 until IFRS 3R and its consequential amendments are applicable. However, the staff is aware that this technical problem causes difficulties for some jurisdictions that must transpose the standards into law.
9. The problem could be solved by reinstating the previous version of the paragraphs identified in paragraphs 36, 37 and 39 of IFRS 1 revised and making them effective until 30 June 2009. However, the staff recommends amending IFRS 1's effective date to 1 July 2009 as the simplest solution.
10. The staff presents proposed amendments in Appendix 1 to this paper. Only the paragraphs affected by the changes have been reproduced in the Appendix.

#### **QUESTIONS FOR THE IASB**

11. Does the IASB agree with the staff recommendation?

## Appendix 1

### DRAFT AMENDMENTS

#### Standard

- 34 An entity shall apply this IFRS if its first IFRS financial statements are for a period beginning on or after 1 ~~January~~ July 2009. Earlier application is permitted.
- 35 An entity shall apply the amendments in paragraphs D1(n) and D23 for annual periods beginning on or after 1 ~~January~~ July 2009. If an entity applies IAS 23 Borrowing Costs (as revised in 2007) for an earlier period, those amendments shall be applied for that earlier period.
- 36 IFRS 3 *Business Combinations* (as revised in 2008) amended paragraphs 19, C1 and C4(f) and (g). ~~An entity shall apply those amendments for annual periods beginning on or after 1 July 2009.~~ If an entity applies IFRS 3 (revised 2008) for an earlier period, the amendments shall also be applied for that earlier period.
- 37 IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) amended paragraphs 13 and B7. ~~An entity shall apply those amendments for annual periods beginning on or after 1 July 2009.~~ If an entity applies IAS 27 (amended 2008) for an earlier period, the amendments shall be applied for that earlier period.
- 38 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to IFRS 1 and IAS 27), issued in May 2008, added paragraphs 31, D1(g), D14 and D15. An entity shall apply those paragraphs for annual periods beginning on or after 1 ~~January~~ July 2009. Earlier application is permitted. If an entity applies the paragraphs for an earlier period, it shall disclose that fact.

## **Appendix D to revised IFRS 1**

### **Borrowing costs**

D23 A first-time adopter may apply the transitional provisions set out in paragraphs 27 and 28 of IAS 23, as revised in 2007. In those paragraphs references to the effective date shall be interpreted as 1 ~~January~~ July 2009 or the date of transition to IFRSs, whichever is later.