



Agenda decisions

Topic

IFRS 3R – Early Application

Background

1. In May 2009 the IFRIC published a tentative agenda decision not to add an item to its agenda to clarify:
 - (a) whether IFRS 3 *Business Combinations* (as issued in 2008) can be applied early only from the beginning of an annual period or from any time during the annual period; and
 - (b) if the revised standard can be adopted early at any time during the annual period, whether an entity must restate prior business combinations that occurred in the same annual period.
2. One comment letter was received supporting the tentative decision and its reasons.

Recommendation and question for the IFRIC

The staff recommends that the IFRIC finalise the agenda decision as published. Wording is included in the Appendix.

Does the IFRIC agree?

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in *IFRIC Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

Appendix A – proposed wording for agenda decision

A1. The staff proposes the following wording as published in *IFRIC Update* for the final agenda decision:

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 standard 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 standard early, it must apply it to all business combinations that occurred in the annual period in which the 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.