
Project	Disclosures – Transfers of financial assets
Topic	Transition requirements – Amendment to IFRS 1

Background

1. Following responses from the Board on the ballot draft of the amendments to IFRS 7 *Disclosures-Transfers of Financial Assets* (Amendments to IFRS 7), the staff has circulated a post ballot draft of the amendments.

Purpose of this paper

2. On further review of the transition requirements, the staff believes that, in light of the limited time between the publication date and the effective date of the amendments, the Board should grant the same relief (in respect of comparative disclosures) to all entities – including first-time adopters- that may adopt these amendments in the short term, similar to the relief provided by *Limited Exemption from Comparative IFRS7 Disclosures for First-time Adopters* (Amendment to IFRS 1), which was published in January 2010.
3. The staff has included in the post ballot draft the suggested consequential amendment to IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, on the basis that the Board will agree to this consequential amendment.

Next Steps

4. **The target publication date, in the light of developments above, is now 7th October 2010.** The staff expects the amendments to be published on 7th

This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IASB.

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 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 IFRS Interpretations Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in *IASB Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

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October, either with the consequential amendment to IFRS 1 (if the Board approves), or without the IFRS 1 consequential amendment.

Staff recommendation

5. The staff recommends that the Board should grant the same relief (in respect of comparative disclosures) to all entities – including first-time adopters- that may adopt these amendments in the short term. The proposed wording for amending IFRS 1 is set out in appendix 1.

Question for the Board

Does the Board agree with the staff recommendation? If so, does the Board agree with the suggested wording in appendix 1?

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Appendix 1

**Amendment to
IFRS 1 *First-time Adoption of International Financial Reporting Standards***

Paragraph 39F is added.

Effective date

39F *Disclosures—Transfers of Financial Assets* (Amendments to IFRS 7), issued in October 2010, added paragraph E4. An entity shall apply that amendment for annual periods beginning on or after 1 July 2011. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.

**Appendix E
Short-term exemptions from IFRSs**

Paragraph E4 and a footnote are added.

Disclosures about financial instruments

E4 A first-time adopter may apply the transitional provisions in paragraph 44M of IFRS 7. *

* Paragraph E4 was added as a consequence of *Disclosures—Transfers of Financial Assets* (Amendments to IFRS 7) issued in October 2010. To avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS preparers, the Board decided that first-time adopters should be permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with IFRSs that are included in *Improving Disclosures about Financial Instruments* (Amendments to IFRS 7).