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Project **Effective Dates and Transition Methods**

Topic **Cover Memo**

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## Introduction

1. On 2 March 2011 the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) received feedback on the FASB Discussion Paper (DP) *Effective Dates and Transition Methods* and the IASB *Request for Views* (RFV) on *Effective Dates and Transition Methods*, published on 19 October 2010.
2. In view of the limited numbers of responses received from users and, for the FASB, from non-public entities, the FASB and the IASB (the boards) directed the staff to undertake further outreach activities from these groups as well as from other stakeholders, such as third-party financial software developers and data aggregators, that are a source of financial information for financial statement users.
3. This memo provides an overview of the research and outreach activities that the staff have performed. The staff are presenting two papers:
  - (a) Summary of additional outreach
  - (b) Early application and early adoption

A brief overview of each paper is presented below.

## Overview of papers presented

### **Summary of outreach (IASB Agenda Paper 10A/FASB Memorandum 6)**

4. This memo summarises the results of additional analysis and outreach performed by staff on the following:

- (a) Software provider and data aggregator outreach
  - (b) Investor outreach
  - (c) Non-public entity considerations
5. Additionally, the memo describes the results of the outreach survey. In April 2011 the staff prepared a user survey and posted it on the FASB and IASB project pages. As of 31 May 2011 over 200 users had responded to the survey. The survey questions followed the structure of the questions asked of constituents in the DP and RVF and focused on four broad issues:
- (a) Cost/benefits
  - (b) Implementation approach
  - (c) FASB-only—consideration of non-public entities
  - (d) IASB-only—consideration for first-time adopters of IFRSs.
6. The responses received were, for the most part, consistent with those received for the DP and RVF. The majority of users agreed with the boards' proposals on transition methods. They were split in their views on which approach, single-date or sequential, is best, as well as on whether early application should be allowed. They supported the same effective dates and transition methods for the FASB and IFRS. A small majority of respondents agreed that the transitional information disclosed by companies is sufficient for their needs. A majority of respondents preferred that the FASB should give an additional one to two-years for non-public entities to apply the new requirements. About two-thirds of respondents agreed that the IASB should give first-time adopters an option to early adopt IFRSs.

***Early application and early adoption (IASB Agenda Paper 10B/FASB Memorandum 7)***

7. This memo discusses whether the boards should consider early application for all entities, as well as early adoption for first-time adopters of IFRSs. The staff are recommending that the boards should permit early application of the standards, but that individual standards projects should determine whether to apply this policy. In addition, the staff are recommending that the IASB should permit early application of new IFRSs by first-time adopters of IFRSs.

**Question for the boards**

**Question 1**

On the basis of the information presented in this memo package, do the boards want the staff to provide any additional information in advance of the discussions with the individual project teams, or is the information provided to-date sufficient for discussions with the individual project teams?