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Project	<b>Mandatory effective date of IFRS 9</b>		
Topic	<b>Effective date of revised disclosure requirements</b>		

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## Introduction

1. At its 7 November meeting, the Board tentatively decided that IFRS 9 (2009) and IFRS 9 (2010) should be modified to require application for annual periods beginning on or after 1 January 2015.<sup>1</sup> The Board also tentatively decided not to require the restatement of comparative-period financial statements for the initial application of the classification and measurement requirements of IFRS 9, but instead to require modified disclosures on transition from the classification and measurement requirements of IAS 39 to those of IFRS 9. The Board also tentatively decided that this disclosure would be required even if an entity chose to restate its comparatives for the effect of applying IFRS 9. Early application of IFRS 9 (2009) and IFRS 9 (2010) would continue to be permitted.
2. In its 7 November Board meeting, Board members noted that they did not want to ‘punish’ those who are in the process of applying IFRS 9 early by requiring modified disclosures that the entity may not have done the necessary preparation to provide.

## Purpose of this paper

3. The staff has brought this paper to address Board members’ concern that these modified disclosures should not be required right away. It addresses the date from which these disclosures should be required.

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<sup>1</sup> See Agenda Papers 1, 1A and 1B from the 7 November Board meeting.

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.

## IASB Staff paper

**Staff analysis and recommendation**

4. The staff recommends that:
- (a) **Entities with a date of initial application before 1 January 2012** should not be subject to any changes. Therefore they should not be required to present these disclosures. They were already eligible for comparative relief without any additional disclosure obligations.<sup>2</sup>
  - (b) **Entities with a date of initial application of 1 January 2012 until 31 December 2012** were required to present comparative statements and presumably were preparing for transition on this basis. The staff recommends that these entities should not be required to meet the modified disclosure requirements for which they may not be prepared. However, the staff recommends that these entities should be permitted to present the modified disclosures instead of restating their comparative statements. This would align them with the information provided by entities that do not provide restated comparatives on the application of IFRS 9 in future.
  - (c) **Entities with a date of initial application of 1 January 2013 or thereafter** should be required to present the modified disclosures irrespective of whether they restate their comparatives to reflect IFRS 9. As the staff noted in the 7 November meeting, these disclosure requirements are largely based on existing disclosure requirements and therefore should not be overly burdensome for entities to prepare, so requiring this disclosure as of 1 January 2013 seems reasonable. The staff believes that the modified disclosures provide useful information to investors to enable them to understand the transition from IAS 39 to IFRS 9, and therefore the staff believes that they should be required as soon as possible.

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<sup>2</sup> Paragraph 7.2.14 allowed relief from providing comparatives reflecting the application of IFRS 9 for dates of initial application up until 31 December 2011.

## IASB Staff paper

5. Below is a matrix illustrating the staff's recommendations:

<u>Date of initial application</u>	<u>Modified disclosures</u>	<u>Comparatives reflecting IFRS 9</u>
Before 1 January 2012	Not required	Not required
1 January 2012 – 31 December 2012	Not required	Required unless entity chooses to provide modified disclosures
1 January 2013 or thereafter	Required	Not required

**Question – Effective date of modified IFRS 9 transition disclosures**

Does the Board agree with the staff recommendations in paragraph 4 that:

- Entities with a date of initial application before 1 January 2012 should not be subject to any changes (ie should not be required to present either comparative statements or the modified disclosures)?
- Entities with a date of initial application of 1 January 2012 until 31 December 2012 should not be required to meet the modified disclosure requirements, but should be permitted to present them instead of restating their comparative statements?
- Entities with a date of initial application of 1 January 2013 or thereafter should be required to meet the modified disclosure requirements irrespective of whether they restate their comparatives to reflect IFRS 9?

If not, what would the Board prefer and why?