STAFF PAPER

February 2012

IASB Meeting

Project	**Annual Improvements project – 2009-2011 cycle**
Paper topic	Proposed wording for final amendments –changes tracked to Bound Volume

CONTACT(S) Denise Durant ddurant@ifrs.org +44 (0)20 7246 64 69

Introduction

1. This paper sets out the proposed wording for annual improvements project issues discussed and confirmed so far by the IFRS Interpretations Committee (the Committee) for inclusion in the final *Improvements to IFRSs* that is planned to be issued in April 2012. It also includes, where applicable, the further amendments recommended by the Committee.

2. In this paper, changes are marked-up based on the text included in the (red) Bound Volume as of 1 January 2012. New text is <u>underlined</u> and deleted text is ~~struck through~~.

3. The issues raised in the comment letters are discussed in Agenda Paper 12A.

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

Paragraphs 2A, 23A–23B and 39N, are added.

Scope

2A If an entity has applied IFRSs in a previous reporting period, the entity may apply this IFRS when the entity's most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with IFRSs. If the entity does not elect to apply IFRS 1, it should apply IFRSs retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Estimates and Errors* as if the entity had never stopped applying IFRSs.

Presentation and disclosure

Explanation of transition to IFRSs

23A When an entity, in accordance with paragraph 2A, elects to apply IFRS 1 the entity shall disclose:

(a) the reason why it stopped applying IFRSs; and

(b) the reason why it is resuming reporting in accordance with IFRSs.

23B When an entity, in accordance with paragraph 2A, does not elect to apply IFRS 1 the entity shall explain the reasons why it has elected to apply IFRSs on a continuation basis as if it had never stopped applying IFRSs.

Effective date

39N *Improvements to IFRSs* issued in [date] added paragraph 2A and 23A and amended paragraph D23. An entity shall apply those amendments for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

Basis for Conclusions on IFRS 1 *First-time Adoption of International Financial Reporting Standards*

This Basis for Conclusions accompanies, but is not part of, the amendments.

Paragraphs BC6A-BC6C are added.

Scope

Repeated application of IFRS 1

BC6A In *Improvements to IFRSs* issued in [date], the Board addressed a request to clarify whether an entity may apply IFRS 1 in its IFRS financial statements:

(a) if the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period.

(b) if the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist.

For example, an entity may have applied IFRS 1 in a previous reporting period to meet listing requirements in a foreign jurisdiction. The entity then delists and no longer presents financial statements in accordance with IFRSs. In a subsequent reporting period, the reporting requirements in the entity's local jurisdiction may change from national GAAP to IFRSs. Consequently, the entity is again required to present its financial statements in accordance with IFRSs.

BC6B The Board decided to clarify that an entity that meets the criteria for applying IFRS 1 and that has applied IFRSs in a previous reporting period (regardless of whether its previous adoption was using IFRS 1, SIC-8 or neither) may choose to apply IFRS 1 when it re-adopts IFRSs. The Board decided that the entity should be allowed, rather than required, to apply IFRS 1 because, as explained in paragraph IN5 of IFRS 1, IFRS 1 grants exemptions for some requirements of IFRSs on the assumption that the cost of complying with some IFRSs would be likely to exceed the benefits to users of financial statements. Consequently, the Board thinks that if an entity determines that the benefits of applying IFRSs as if it had continued to do so without interruption would exceed the costs of preparing such information, the entity should not be prohibited from following that continuation approach. The Board also noted that an entity that has never applied IFRSs in the past would continue to be required to apply IFRS 1 in its first IFRS financial statements.

BC6C The Board also decided that the entity shall disclose the reason why it stopped applying IFRSs and the reason why it is resuming reporting in accordance with IFRSs. The Board thinks that this disclosure requirement provides users with useful information and would discourage the intentional omission of the statement of compliance with IFRSs.

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

In Appendix D paragraph D23[1] is amended as follows (new text is underlined and deleted text is struck through):

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 2009 or the date of transition to IFRSs, whichever is later.~~ An entity electing to apply this exemption can choose to apply the requirements of IAS 23 from the date of transition or an earlier date as permitted by paragraph 28 of IAS 23. From the date on which an entity applying this exemption begins applying IAS 23, it:

(a) shall not restate the borrowing cost component that was capitalised under previous GAAP and included in the carrying amount of assets at that date.

(b) shall account for borrowing costs incurred on or after that date in accordance with IAS 23, including those incurred on or after that date on qualifying assets already under construction.

[1] An 'Effective date' paragraph would also be added as a consequence of this amendment. This paragraph is included in page 2 of this paper along with the improvements derived from the repeated application of IFRS 1.

Basis for Conclusions on IFRS 1 *First-time Adoption of International Financial Reporting Standards*

This Basis for Conclusions accompanies, but is not part of, the amendments.

Paragraphs BC63EA and BC63EB are added.

Borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before transition date

BC63EA In *Improvements to IFRSs* issued in [date], the Board addressed some concerns that were raised by first-time adopters about the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before the date of transition to IFRSs. Constituents find it unclear whether borrowing costs capitalised in accordance with previous GAAP should be retained, restated or eliminated in the opening statement of financial position. Constituents also questioned the accounting, after the date of transition, for capitalised borrowing costs relating to such qualifying assets when these qualifying assets are under construction at the date of transition. They sought clarification as to whether the first-time adopter should apply the requirements of IAS 23 *Borrowing Costs* or whether it should continue applying its previous GAAP even if that previous GAAP is not consistent with IAS 23.

BC63EB In *Improvements to IFRSs* issued in [date], the Board decided to clarify that when the entity chooses to apply the exemption in paragraph D23, borrowing costs that were capitalised in accordance with previous GAAP should be carried forward in the opening statement of financial position. In addition, the Board decided to clarify that an entity should account for borrowing costs incurred after the date of transition that relate to qualifying assets under construction at the date of transition in accordance with IAS 23 regardless of whether the entity capitalised or recognised in profit and loss borrowing costs under previous GAAP. Some had understood that an entity should continue to capitalise borrowing costs using the entity's previous GAAP for borrowing costs relating to qualifying assets under construction at the date of transition. Others had understood that an entity should recognise in profit or loss borrowing costs calculated using the entity's previous GAAP for borrowing costs relating to qualifying assets under construction at the date of transition. A first-time adopter could also choose to apply the requirements of IAS 23 from a date earlier than the date of transition, in which case it should account for borrowing costs in accordance with IAS 23 on or after the earlier date selected.

Amendments to IAS 1 *Presentation of Financial Statements*

Paragraphs 10, 38 and 41 are amended. Paragraphs 39 and 40 are deleted. Paragraphs 38A–38D, 40A–40C and 139L are added as well as the headings before paragraph 38, 38C and 40A (new text is underlined and deleted text is struck through).

Complete set of financial statements

10 A complete set of financial statements comprises:

(a) a statement of financial position as at the end of the period;

(b) a statement of profit or loss and other comprehensive income for the period;

(c) a statement of changes in equity for the period;

(d) a statement of cash flows for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information; ~~and~~

<u>(ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and</u>

(f) a statement of financial position as at the beginning of the ~~earliest~~ <u>preceding</u> ~~comparative~~ period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

An entity may use titles for the statements other than those used in this Standard.

Comparative information

<u>Minimum comparative information</u>

38 Except when IFRSs permit or require otherwise, an entity shall ~~disclose~~ <u>present</u> comparative information in respect of the ~~previous~~ <u>preceding period</u> for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

38A An entity shall present, as a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two statements of cash flows and two statements of changes in equity, and related notes.

38B In some cases, narrative information provided in the financial statements for the previous period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute whose outcome was uncertain at the end of the preceding period and that is yet to be resolved. Users may benefit from disclosure of information that the uncertainty existed at the end of the preceding period and from disclosure of information about the steps that have been taken during the period to resolve the uncertainty.

Additional comparative information

38C An entity may present comparative information in addition to the minimum comparative information required by IFRSs as long as that information is prepared in accordance with IFRSs. This comparative information may consist of one or more statements without that additional comparative information comprising a complete set of financial statements. When this is the case, the entity shall present comparative information in the related notes for those additional statements.

38D For example, an entity may present amounts for three periods (the current period, the preceding period and one additional comparative period) in its statement of profit of loss and other comprehensive income. The entity is not required to present amounts for that third (additional comparative) period in its statements of financial position, cash flows and changes in equity. However, the entity presents comparative information in the related notes to the financial statements related to that additional statement of profit or loss and other comprehensive income.

39 [Deleted] ~~An entity disclosing comparative information shall present, as a minimum, two statements of financial position, two of each of the other statements, and related notes. When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position, two of each of the other statements, and related notes. An entity presents statements of financial position as at:~~

~~(a) the end of the current period,~~

~~(b) the end of the previous period (which is the same as the beginning of the current period), and~~

~~(c) the beginning of the earliest comparative period.~~

40 [Deleted] ~~In some cases, narrative information provided in the financial statements for the previous period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute whose outcome was uncertain at the end of the immediately preceding period and that is yet to be resolved. Users benefit from information that the uncertainty existed at the end of the immediately preceding period, and about the steps that have been taken during the period to resolve the uncertainty.~~

Change in accounting policy, retrospective restatement or reclassification

40A An entity shall present an additional statement of financial position as at the beginning of the preceding period if it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements but only if it has a material effect upon the information in the statement of financial position.

40B In the circumstances described in paragraph 40A, an entity shall present, as a minimum, three statements of financial position and two of each of the other statements and related notes. The statements of financial position are as at:

(a) the end of the current period;

(b) the end of the preceding period; and

(c) the beginning of the preceding period.

40C However, an entity need not present related notes to the opening statement of financial position required in paragraph 40B(c), other than disclosure of information required by paragraphs 41–44 and IAS 8. The date of that opening statement of financial position shall be as at the beginning of the preceding period regardless of whether an entity's financial statements present comparative information for earlier periods (as described in paragraph 38C).

41 ~~When the~~ If an entity changes the presentation or classification of items in its financial statements, ~~the entity~~ it shall reclassify comparative amounts unless reclassification is impracticable. When ~~the~~ an entity reclassifies comparative amounts, ~~the entity~~ it shall disclose (including as at the beginning of the preceding period):

(a) the nature of the reclassification;

(b) the amount of each item or class of items that is reclassified; and

(c) the reason for the reclassification.

Transition and effective

139L *Improvements to IFRSs* issued in [date] amended paragraphs 10, 38 and 41, deleted paragraphs 39–40 and added paragraphs 38A –38D, and 40A–40C. An entity shall apply those amendments for annual periods beginning on or after 1 July 2013. Earlier application is permitted.

Basis for Conclusions on the amendments to IAS 1 *Presentation of Financial Statements*

This Basis for Conclusions accompanies, but is not part of, the amendments.

Paragraphs BC32A–BC32E are added.

Comparative information

Clarification of requirements for comparative information

BC32A In *Improvements to IFRSs* issued in [date], the Board addressed a request for clarification of the requirements for providing comparative information. Specifically, it was asked to consider whether an entity should be required to present a complete set of financial statements when it provides financial statements beyond the minimum comparative information requirements (ie additional comparative information). In response to this request, the Board decided to clarify that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements. The Board also noted that additional comparative information might include (a) information that is presented voluntarily, beyond the information that is included within a complete set of financial statements and (b) comparative information required by law or other regulations but which is not required by IFRSs.

BC32B The Board also decided to amend paragraphs 38–41 of IAS 1 to clarify that, when additional comparative information is provided by an entity (and this is not required by IFRSs), this information should be presented in accordance with IFRSs and the entity should present comparative information in the related notes for that additional information. The Board determined that requiring full notes for additional information in accordance with paragraph 38C was to ensure that the additional information that entities provide is balanced and results in financial statements that achieve a 'fair presentation'.

BC32C In addition, the Board decided to amend the current requirements in IAS 1 that relate to the presentation of a statement of financial position for the beginning of the earliest comparative period presented in cases of changes in accounting policies, retrospective restatements or reclassifications. The Board decided to clarify that the appropriate date for the opening statement of financial position is the beginning of the preceding period.

BC32D In *Improvements to IFRSs* issued in [date] the Board also decided to change the current requirements to no longer require related notes to this opening statement of financial position to be presented. The Board's decision to give this "relief" was based on the fact that a case of a change in accounting policies, a retrospective restatement or a reclassification in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is considered a narrow, specific and a limited circumstance that can be predicted. Whereas circumstances where an entity chooses to provide additional financial statements (ie on a voluntary basis), can be viewed as more generic and more difficult to predict (ie provide all the different reasons and circumstances why this additional information is being given). Also in the light of respondents' comments on the June 2011 exposure draft, the Board decided to require the presentation of this third statement of financial position only if a change in an accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in the statement of financial position. This is because the Board thinks that the costs of providing an opening statement of financial position when the change does not affect the statement of financial position may exceed the benefits of providing such information. The Board thinks that changes to the requirements in IAS 1 that relate to the presentation of the third statement of financial position ensure useful information is provided to users. The Board noted that the entity would still be required to provide information in accordance with IAS 8.

BC32E The Board decided to propose that the amendments should be included in annual improvements as a more expedient way to address this issue than through the Financial Statement Presentation project, in the light of the concerns raised by constituents.

Consequential amendments to other standards derived from the amendment to IAS 1

The following amendments to the guidance on other IFRS are necessary to ensure consistency with the revised IAS 1. In the amended paragraphs, new text is underlined and deleted text is struck through.

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

Paragraph 21 is amended and paragraph 39O is added.

Presentation and disclosure

Comparative information

21 ~~To comply with IAS 1, an~~ <u>An</u> entity's first IFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information.

<u>21A For the purposes of an entity's first financial statements, an entity may present additional comparative information on a basis consistent with previous GAAP to help explain the effects of the transition to IFRSs.</u>

Effective date

39O *Improvements to IFRSs* issued in [date] amended paragraph 21. An entity shall apply those amendments for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

Basis for Conclusions on IFRS 1 *First-time Adoption of International Financial Reporting Standards*

This Basis for Conclusions accompanies, but is not part of, the amendments

Paragraphs BC89B is added.

BC89B As part of *Improvements to IFRSs* issued in [date] the Board amended paragraph 21 to avoid a cross-reference with the requirements in paragraph IAS 1 for comparative information. The Board noted that a first-time adopter should not be exempted from presenting three statements of financial position and related notes because a first-time adopter might not have presented this information previously on a basis consistent with IFRSs. In addition, the Board considered that a first-time adopter may provide additional comparative information that is presented in accordance with previous GAAP to assist with the user's understanding of the transition to IFRSs. The presentation of this information is an exception from the requirement in paragraph 38C of IAS 1 to allow an entity to present comparative information in addition to the minimum comparative information required by IFRSs, as long as this information is prepared in accordance with IFRSs.

Consequential amendments to other standards derived from the amendment to IAS 1 *(Continued)*

Amendments to IAS 34 – *Interim Financial Reporting*

Paragraph 5 is amended and paragraph 52 is added.

Content of an interim financial report

5 IAS 1 (as revised in 2007) defines a complete set of financial statements as including the following components:

(a) a statement of financial position as at the end of the period;

(b) a statement of comprehensive income for the period;

(c) a statement of changes in equity for the period;

(d) a statement of cash flows for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information; and

(f) a statement of financial position as at the beginning of the ~~earliest~~ preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

Effective date

52 *Improvements to IFRSs* issued in [date] amended paragraph 5. An entity shall apply those amendments for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact

Basis for Conclusions on the amendment to IAS 34 *Interim Financial Reporting*

This Basis for Conclusions accompanies, but is not part of, the amendments.

Paragraph BC5 is added.

Content of an interim financial report

BC5 As part of *Improvements to IFRSs* issued in [date] the Board amended paragraph 5 to achieve consistency with paragraph 10(f) of IAS 1 *Presentation of Financial Statements.*

Amendments to IAS 16 *Property, Plant and Equipment*

Paragraph 8 is amended (new text is underlined and deleted text is struck through) and paragraph 81G is added.

Recognition

8 Items such as s~~S~~pare parts , stand-by equipment and servicing equipment ~~are often carried as inventory and recognised in profit or loss as consumed. However, major spare parts, and stand-by equipment~~ qualify as property, plant and equipment when they meet the definition of property, plant and equipment; otherwise, they are classified as inventory. ~~an entity expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.~~

Effective date

81G *Improvements to IFRSs* issued in [date] amended paragraph 8. An entity shall apply that amendment for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies the amendment for an earlier period it shall disclose that fact.

Basis for Conclusions on the amendments to IAS 16 *Property, Plant and Equipment*

The Basis for Conclusions accompanies, but is not part of, the amendment.

Paragraph BC12A is added.

Classification of servicing equipment

BC12A In *Improvements to IFRSs* issued in [date], the Board responded to a request to address a perceived inconsistency in the classification requirements for servicing equipment. The Board decided to clarify that items such as spare parts, stand-by equipment and servicing equipment qualify as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, they are classified as inventory. In the light of respondents' comments to the June 2011 exposure draft, the Board did not make explicit reference to the classification of particular types of equipment, because the definition of property plant and equipment already provides sufficient guidance. As a consequence, the Board also deleted from paragraph 8 the "used only in connection with" condition on the grounds that it is too restrictive when compared with the definition of property, plant and equipment.

Amendments to IAS 32 *Financial Instruments: Presentation*

Paragraphs 35, 37 and 39 are amended (new text is underlined and deleted text is struck through). Paragraphs 35A and 97M are added.

Presentation

Interest, dividends, losses and gains
(see also paragraph AG37)

35 **Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument shall be <u>recognised</u> ~~debited~~ by the entity directly ~~to~~ <u>in</u> equity~~, net of any related income tax benefit~~. Transaction costs of an equity transaction shall be accounted for as a deduction from equity~~, net of any related income tax benefit~~.**

35A Income tax relating to distributions to holders of an equity instrument and income tax relating to transaction costs of an equity transaction shall be accounted for in accordance with IAS 12 *Income Taxes*.

37 An entity typically incurs various costs in issuing or acquiring its own equity instruments. These costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity ~~(net of any related income tax benefit)~~ to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

39 The amount of transaction costs accounted for as a deduction from equity in the period is disclosed separately ~~under~~ <u>in accordance with</u> IAS 1. ~~The related amount of income taxes recognised directly in equity is included in the aggregate amount of current and deferred income tax credited or charged to equity that is disclosed under IAS 12 *Income Taxes*.~~

Effective date and transition

97M *Improvements to IFRSs* issued in [date] amended paragraphs 35, 37 and 39 and added paragraph 35A. An entity shall apply those amendments for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

Basis for Conclusions on IAS 32 Financial Instruments: Presentation

This Basis for Conclusions accompanies, but is not part of, the proposed amendments.

Paragraphs BC33A-BC33C are added.

Income tax consequences of distributions to holders of an equity instrument and of transaction costs of an equity transaction

BC33A In *Improvements to IFRSs* issued in [date], the Board was asked to address a perceived inconsistency between IAS 12 *Income Taxes* and IAS 32 *Financial Instruments: Presentation* regarding the recognition of income tax relating both to distributions to holders of an equity instrument and to transaction costs of an equity transaction. Paragraph 52B of IAS 12 requires the recognition of the income tax consequences of dividends in profit or loss except when the circumstances described in paragraph 58(a) and (b) of IAS 12 arise. However, paragraph 35 of IAS 32 required the recognition of income tax relating to distributions to holders of an equity instrument in equity (prior to the amendment).

BC33B The Board noted that the intention of IAS 32 was to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and income tax relating to transaction costs of an equity transaction. Consequently, the Board decided to add paragraph 35A to IAS 32 to clarify this intention.

BC33C The amendment clarifies that the income tax consequences of dividends are recognised in profit or loss in accordance with paragraph 52B of IAS 12. Consequently, to the extent that the dividend relates to income arising from a transaction that was originally recognised in profit or loss, the income tax on the dividend should be recognised in profit or loss. Whereas if the dividend relates to income or a contribution arising from a transaction that was originally recognised in other comprehensive income or equity, respectively, the entity should apply the exception in paragraph 58(a) of IAS 12, and recognise the income tax consequences of the dividend outside of profit or loss. The amendment also clarifies that the tax effect of distributions to holders of an equity instrument other than dividends and the tax effect of transaction costs of an equity transaction are recognised in accordance with the principle in paragraph 57 of IAS 12.

Appendix to the amendments to IAS 32 – Consequential amendment to IFRIC 2

Members' Shares in Co-operative Entities and Similar Instruments

In the rubric 'paragraphs 1-14A is amended to 'paragraphs 1-17'. Paragraph 11 is amended (deleted text is struck through). Paragraph 17 is added.

Consensus

11 As required by paragraph 35 of IAS 32, distributions to holders of equity instruments are recognised directly in equity~~, net of any income tax benefits~~. Interest, dividends and other returns relating to financial instruments classified as financial liabilities are expenses, regardless of whether those amounts paid are legally characterised as dividends, interest or otherwise.

Effective date

17 *Improvements to IFRSs* issued in [date] amended paragraph 11. An entity shall apply that amendment retrospectively for annual periods beginning on or after 1 July 2013. If an entity applies the amendment to IAS 32 as a part of the *Improvements to IFRSs* issued in [date] for an earlier period, the amendment in paragraph 11 shall be applied for that earlier period.

Amendments to IAS 34 *Interim Financial Reporting*

In the rubric 'paragraphs 1–49' is amended to 'paragraphs 1–52'. Paragraph 16A is amended (new text is underlined and deleted text is struck through) and paragraph 52 is added.

Content of an interim financial report

Other disclosures

16A In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information in the notes to its interim financial statements, if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis.

(a) …

(g) the following segment information (disclosure of segment information is required in an entity's interim financial report only if IFRS 8 *Operating Segments* requires that entity to disclose segment information in its annual financial statements):

(i) …

(iv) <u>a measure of</u> total assets <u>and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if</u> ~~for which~~ there has been a material change from the amount disclosed in the last annual financial statements <u>for that reportable segment</u>.

(v)…

(h)…

Effective date

52 *Improvements to IFRSs* issued in [date] amended paragraph 16A. An entity shall apply that amendment for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies the amendment for an earlier period it shall disclose that fact.

Basis for Conclusions on the amendment to IAS 34 *Interim Financial Reporting*

This Basis for Conclusions accompanies, but is not part of, the amendments.

Paragraph BC5 is added.

Selected explanatory notes

BC5 In *Improvements to IFRSs* issued in [date] amended the Board decided to clarify the requirements in IAS 34 *Interim Financial Reporting* on segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in paragraph 23 of IFRS 8 *Operating Segments*. The amendment clarifies that total assets and liabilities for a particular reportable segment are required to be disclosed only if:

(a) a measure of total assets or a measure of total liabilities (or both) is regularly provided to the chief operating decision maker; and

(b) there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.