

STAFF PAPER

IFRS Interpretations Committee
Meeting

January 2013

Project

**IAS 10 *Events after the Reporting Period*—Reissuing
previously issued Financial Statements**

CONTACT(S)

Leonardo Piombino

lpiombino@ifrs.org

+44 (0)20 7246 0571

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IFRS Interpretations Committee. 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. Decisions made by the IFRS Interpretations Committee are reported in *IFRIC Update*. The approval of a final Interpretation by the Board is reported in *IASB Update*.

Introduction

1. At its November 2012 meeting, the IFRS Interpretations Committee (the Interpretations Committee) discussed a request for guidance on the accounting implications of applying IAS 10 *Events After the Reporting Period* when previously issued financial statements are reissued in connection with an offering document. The submitter asked the Committee to clarify whether IAS 10 permits only one date of authorisation for issue when considered in the context of reissuing previously issued financial statements in connection with an offering document. The full analysis of this issue was included in [Agenda Paper 13 \(November 2012\)](#).
2. At its November 2012 meeting, the Interpretations Committee expressed concern that the issue arises in jurisdictions with particular securities laws and regulations and that addressing this issue could conflict with national laws and regulations in other jurisdictions and so tentatively decided not to amend IAS 10. The Interpretations Committee requested the staff to draft a tentative agenda decision for consideration at a future meeting.

Objective

3. The purpose of this paper is to present to the Interpretations Committee a draft of a tentative agenda decision about the accounting implications of applying IAS 10 when financial statements are reissued.
4. Our proposed tentative agenda decision is included in Appendix A of this paper.

Structure of the paper

5. This paper:
 - (a) provides a summary of the issue;
 - (b) provides a draft of a tentative agenda decision for the consideration of the Interpretations Committee members, which is based on the discussions that they had at the November 2012 meeting; and
 - (c) asks the Interpretations Committee whether it agrees with our proposed tentative agenda decision.

Summary of the issue

6. In some jurisdictions (eg the USA and Canada), securities laws and regulatory practices require an entity to reissue its previously issued audited annual financial statements in connection with an offering document when the most recently filed interim financial statements reflect matters that are accounted for retrospectively under the applicable accounting standards.
7. For example, an entity that issues IFRS financial statements will reissue its previously issued annual financial statements if:
 - (a) it is issuing an offering document in North America markets, and
 - (b) in its most recently filed interim financial statements, the entity accounted for retrospectively, in accordance with IFRSs, a change in reportable segments, a restatement of a business combination during the

measurement period, the presentation of a discontinued operation, or a change in accounting policy.

8. In these jurisdictions an entity in its reissued financial statements does not recognise events or transactions occurring between the time the financial statements were first issued and the time the financial statements were reissued, unless the adjustment is required by national regulation, even if the event is one that would otherwise be classified as an adjusting post-balance sheet event in accordance with IAS 10. This approach is called ‘dual dating’, because the financial statements include two dates: the date when financial statements were issued and the date when the financial statement were reissued. The presence of two dates on the financial statements (and auditors report), along with an explanatory note included in the financial statements explaining the changes made since the financial statements were first issued, indicates to the reader that these financial statements are re-issued financial statements.

9. The issue is whether IAS 10 permits only one date of authorisation for issue (ie ‘dual dating’ is not permitted) when considered within the context of reissuing previously issued financial statements in connection with an offering document.

10. Two views exist in practice:
 - (a) **View 1—Dual dating is not permitted under IAS 10:** when financial statements are reissued, they are a new set of financial statements for that period and any previously issued set is superseded. IAS 10 requires that this new set of financial statements has its own date of authorisation for issue. If this view is taken, this new set of financial statements should reflect all adjusting and non-adjusting events in accordance with IAS 10, up to and including the date on which this new set of financial statements is authorised for issue. Consequently, this will include any adjusting events that have occurred between the date that the previous set of financial statements was authorised for issue and the date that this set was authorised for issue.

 - (b) **View 2—Dual dating is permitted under IAS 10:** IAS 10 is silent on reissue matters and does not explicitly prohibit ‘dual dating’. The

rationale behind the reissue is to present early the comparative figures that will be included in the following year's financial statements.

Accordingly only those adjustments that would ordinarily be made to the comparatives for the following year's financial statements should be made when reissuing the financial statements. These adjustments would include corrections of errors and adjustments for changes in accounting policies, but would not include revisions of estimates that would normally be presented as current period income or expense. If this view is taken, guidance should be added to IAS 10 to allow this approach.

11. We analysed these views in [Agenda Paper 13 \(November 2012\)](#).

Staff recommendation

12. On the basis of the discussions that Interpretations Committee members had at the November 2012, we recommend that the Interpretations Committee should not add this issue to its agenda, because this issue arises in jurisdictions with particular securities laws and regulations and addressing this issue could conflict with national laws and regulations in other jurisdictions. Securities regulators can more easily solve this issue in their jurisdictions.
13. Our proposed tentative agenda decision is included in Appendix A of this paper.

Questions for the Interpretations Committee

1. Does the Interpretations Committee agree with the staff's recommendation that the Interpretations Committee should not take this issue onto its agenda?
2. Does the Interpretations Committee have any comments on the proposed wording for the tentative agenda decision in Appendix A?

Appendix A— Proposed wording for tentative agenda decision

A1 The proposed wording for the tentative agenda decision is presented below.

IAS 10 *Events after the Reporting Period*—Reissuing previously issued Financial Statements

The Interpretations Committee was asked to clarify the accounting implications of applying IAS 10 *Events after the Reporting Period* when previously issued financial statements are reissued in connection with an offering document. The issue arose in jurisdictions in which securities laws and regulatory practices require an entity to reissue its previously issued annual financial statements in connection with an offering document, when the most recently filed interim financial statements reflect matters that are accounted for retrospectively under the applicable accounting standards. In these jurisdictions securities law and regulatory practices do not require the entity, in its reissued financial statements, to recognise events or transactions occurring between the time the financial statements were first issued and the time the financial statements were reissued, unless the adjustment is required by national regulation. The national regulation requires the entity to recognise in its reissued financial statements only those adjustments that would ordinarily be made to the comparatives for the following year's financial statements. These adjustments would include, for example, adjustments for changes in accounting policy, but would not include changes in accounting estimates. This approach is called 'dual dating'. The submitter asked the Interpretations Committee to clarify whether IAS 10 permits only one date of authorisation for issue (ie 'dual dating' is not permitted) when considered in the context of reissuing previously issued financial statements in connection with an offering document.

The Interpretations Committee noted that the scope of IAS 10 is the accounting for, and disclosure of, events after the reporting period and that the objective of this Standard is to prescribe: (a) when an entity should adjust its financial statements for events after the reporting period; and (b) the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period.

Considering the objective and the scope of IAS 10 the Interpretations Committee observed that the standard does not provide guidance regarding reissuing financial statements because this matter is outside of its scope.

The Interpretations Committee also observed that this issue arises in jurisdictions with particular securities laws and regulations and addressing this issue could conflict with national laws and regulations in other jurisdictions.

Consequently the Interpretations Committee [decided] not to add this issue to its agenda.