

STAFF PAPER

IFRS Interpretations Committee
Meeting

May 2013

Project

**IAS 10 *Events after the Reporting Period*—Reissuing
previously issued financial statements**

CONTACT(S)

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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 IASB is reported in *IASB Update*.

Introduction

1. In October 2012, the IFRS Interpretations Committee (‘the Interpretations Committee’) received 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. More specifically, the submitter asked the Interpretations Committee to clarify whether IAS 10 permits only one date of authorisation for issue when considered within the context of reissuing previously issued financial statements in connection with an offering document.
2. The Interpretations Committee discussed the issue in the November 2012¹ and January 2013² meetings.
3. In the January 2013 meeting, the Interpretations Committee tentatively decided not to add this issue its agenda, because:

¹ See Agenda Paper 13

<http://www.ifrs.org/Meetings/MeetingDocs/Interpretations%20Committee/2012/November/131211AP13%20-%20IAS10%20Reissuing%20previously%20issue%20financial%20statements.pdf>

² See Agenda Papers 13

<http://www.ifrs.org/Meetings/MeetingDocs/Interpretations%20Committee/2013/January/130113AP13%20-%20IAS10%20Reissuing%20previously%20issue%20financial%20statements.pdf>

- (a) the scope of IAS 10 is the accounting for, and disclosure of, events after the reporting period;
 - (b) the objective of IAS 10 is to prescribe: when an entity should adjust its financial statements for events after the reporting period; and 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;
 - (c) financial statements prepared in accordance with IFRSs should reflect all adjusting and non-adjusting events up to the date that the financial statements were authorised for issue. Consequently, if financial statements reflect transactions and events after the balance sheet date that IFRSs do not permit to be reflected, or fail to reflect transactions or events after the balance sheet date that IFRSs require to be reflected, then those financial statements are not in compliance with IFRSs; and
 - (d) the issue arises in several jurisdictions, each with particular securities laws and regulations.
4. We received two comment letters on the tentative agenda decision. We analyse the comment letters in the following paragraphs.

Comment analysis

5. One respondent (PwC) agrees with the Interpretations Committee's tentative decision not to take this issue onto the agenda and that the guidance in IAS 10 is clear that financial statements prepared in accordance with IFRSs should reflect adjusting events and disclose all non-adjusting events up to the date that the financial statements are authorised for issue. However, the respondent suggests deleting the following statement:

Consequently, if financial statements reflect transactions and events after the balance sheet date that IFRSs do not permit to be reflected, or fail to reflect transactions or events after the balance sheet date that IFRSs require to be reflected, then those financial statements are not in compliance with IFRSs.

6. PwC thinks that the statement above:

- (a) is unnecessary;
 - (b) addresses a question that was not asked in the submission and is an issue for which clarification was not requested; and
 - (c) could be interpreted as prohibiting the inclusion of supplementary financial information about the impact of post-balance sheet events alongside IFRS financial statements, for example, in an offering document.
7. We agree that the statement quoted in paragraph 5 is unnecessary to answer the question raised.
 8. We think that the statement was added to reflect some of the discussion that took place at the January 2013 Interpretations Committee meeting, however, it was not the basis for the Interpretations Committee 's decision not to take the issue onto the agenda.
 9. In our view, the main reason to not add this issue to the Interpretations Committee agenda is that addressing this issue could conflict with national laws and regulations in other jurisdictions. Consequently, in order to avoid unintended consequences, we recommend deleting the statement quoted in paragraph 5 of this paper.
 10. We think that the objective of IAS 10 is not to provide guidance regarding reissuing financial statements. However, in our view, if there is sufficiently wide use of re-issued financial statements that are presented as supplementary information (ie the original ones are not withdrawn), then the IASB, in its next Agenda Consultation, could consider whether developing guidance on the content of re-issued financial statements should be part of a future agenda.
 11. The other respondent is the submitter (AcSB). The respondent understands the Interpretations Committee's decision not to add this item to its agenda and accepts the reasons provided in the tentative agenda decision.

Staff recommendation

12. After considering the comments received on the tentative agenda decision, we recommend that the Interpretations Committee should finalise its decision not to

add this issue to its agenda. The proposed wording of the final agenda decision is shown in Appendix A to this paper.

Questions for the Interpretations Committee

1. Does the Interpretations Committee agree with the staff's recommendation that the Interpretations Committee should finalise its decision not to add this issue to its agenda?
2. Does the Interpretations Committee have any comments on the proposed wording in Appendix A for the final agenda decision?
3. What are the Interpretations Committee members' views on our proposal to recommend the IASB to consider whether developing guidance on re-issued financial statements should be part of a future agenda?

Appendix A—Proposed wording for final agenda decision

A1 The proposed wording for the final agenda decision is presented below (deleted text is struck through).

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 that occur between the time the financial statements were first issued and the time the financial statements are reissued, unless the adjustment is required by national regulation; instead security and regulatory practices require the entity to recognise in its reissued financial statements only those adjustments that would ordinarily be made to the comparatives in the following year's financial statements. These adjustments would include, for example, adjustments for changes in accounting policy that are applied retrospectively, 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 within 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.

The Interpretations Committee also noted that financial statements prepared in accordance with IFRSs should reflect all adjusting and non-adjusting events up to the date that the financial statements were authorised for issue. ~~Consequently, if financial statements reflect transactions and events after the balance sheet date that IFRSs do not permit to be reflected, or fail to reflect transactions or events after the balance sheet date that IFRSs require to be reflected, then those financial statements are not in compliance with IFRSs.~~

On the basis of the above and because the issue arises in multiple jurisdictions, each with particular securities laws and regulations, the Interpretations Committee {decided} not to add this issue to its agenda.



Mr Michael Stewart
Director of Implementation Activities
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

19 March 2013

Dear Mr Stewart

Tentative agenda decision: IAS 10 Events after the Reporting Period—Reissuing previously issued Financial Statements

We are responding to your invitation to comment on the above tentative agenda decision, published in the January 2013 edition of IFRIC Update, on behalf of PricewaterhouseCoopers. Following consultation with members of the PricewaterhouseCoopers network of firms, this response summarises the views of member firms who commented on the tentative agenda decision. 'PricewaterhouseCoopers' refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We agree with the Committee's decision not to take this question onto the agenda and that the guidance in IAS 10 is clear that financial statements prepared in accordance with IFRSs should reflect adjusting events and disclose all non-adjusting events up to the date that the financial statements are authorised for issue.

We note, however, that the Committee observes in the tentative agenda decision that 'if financial statements reflect transactions and events after the balance sheet date that IFRSs do not permit to be reflected, or fail to reflect transactions or events after the balance sheet date that IFRSs require to be reflected, then those financial statements are not in compliance with IFRSs'. We believe that this statement addresses a question that was not asked in the submission and is an issue for which clarification was not requested. We are also concerned that the statement could be interpreted to prohibit the inclusion of supplementary financial information about the impact of post balance sheet events alongside IFRS financial statements, for example, in an offering document.

We suggest to the Committee that this statement is deleted as it is unnecessary and does not address the request for clarification.

If you have any questions in relation to this letter please do not hesitate to contact John Hitchins (020 7804 2497) or Tony de Bell (020 7213 5336).

Yours sincerely

PricewaterhouseCoopers

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April 1, 2013

(By e-mail to ifric@ifrs.org)

IFRS Interpretations Committee
30 Cannon Street,
London EC4M 6XH
United Kingdom

Dear Sirs,

Re: Tentative agenda decision on IAS 10 *Events After the Reporting Period* – Reissuing previously issued financial statements

This letter is the response of the staff of the Canadian Accounting Standards Board (AcSB) to the IFRS Interpretations Committee's tentative agenda decision on reissuing previously issued financial statements. This tentative agenda decision was published in the January 2013 IFRIC Update.

The views expressed in this letter take into account comments from individual members of the AcSB staff but do not necessarily represent a common view of the AcSB or its staff. Views of the AcSB are developed only through due process.

We understand the Committee's decision not to add this item to its agenda and accept the reasons provided in the tentative agenda decision.

We would be pleased to provide more detail if you require. If so, please contact me at +1 416 204-3276 (e-mail pmartin@cpacanada.ca), or Kathryn Ingram, Principal, Accounting Standards at +1 416 204-3475 (e-mail kingram@cpacanada.ca).

Yours truly,



Peter Martin, CPA, CA
Director, Accounting Standards