



# Grant Thornton

International Accounting Standards Board  
30 Cannon Street  
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Submitted electronically through the IFRS Foundation website ([www.ifrs.org](http://www.ifrs.org))

## **Exposure Draft Mandatory Effective Date of IFRS 9**

Grant Thornton International Ltd is pleased to comment on the International Accounting Standards Board's (the Board) Exposure Draft *Mandatory Effective Date of IFRS 9* (the Exposure Draft). We have considered the Exposure Draft along with the accompanying Basis for Conclusions.

In summary we agree that it is appropriate to defer IFRS 9's implementation date to enable entities to adopt the complete package of new financial instruments requirements at the same time. Our responses to the Invitation to Comment questions, along with some other related suggestions, are set out below.

### **Responses to invitation to comment**

#### Question 1:

The Board proposes to amend IFRS 9 (2009) and IFRS 9 (2010) so that entities would be required to apply them for annual periods beginning on or after 1 January 2015. Do you agree? Why or why not? If not, what alternative do you propose?

We agree.

We support the Board's view that entities should be able to apply all the phases of the IAS 39 replacement project at the same time. Moreover, insurance entities should preferably be able to adopt the new financial instruments and any new insurance accounting requirements concurrently. An adequate transition period for all these new requirements is of course essential. The 1 January 2013 effective date for the current version of IFRS 9 should therefore be deferred in view of the status and projected completion dates of the remaining phases of the standard (impairment and hedge accounting) and of the insurance project.

#### Question 2:

The Board proposes not to change the requirement in IFRS 9 for comparatives to be presented for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012. Do you agree? Why or why not? If not, what alternative do you propose?

We agree. Relief from restating comparatives should be unnecessary if entities are given an adequate transition period.

**Other suggestions**

We suggest that, once all project phases are complete, the Board should reconsider whether the current transition requirements remain optimal in the context of the complete standard and the transition requirements of other phases. This is to ensure that due consideration is given to the interactions between the various phases in developing the overall transition requirements and reliefs.

In addition we are aware of some questions of application and interpretation of IFRS 9's existing transition provisions, relating in particular to the phrase "date of initial application". This is defined as "the date when an entity first applies the requirements of this IFRS", which is "the beginning of the first reporting period in which the entity adopts this IFRS, for entities initially applying this IFRS on or after 1 January 2011". One question encountered is whether the term "first reporting period" addresses the first annual period or the first interim reporting period (if applicable). A second is whether the "reporting period in which the entity adopts this IFRS" is:

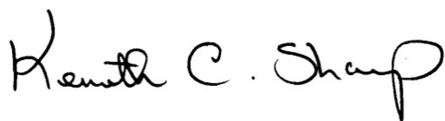
- the beginning of the current period covered by the first financial statements in which IFRS 9 is applied;
- the beginning of the comparative period(s) included in those financial statements.

We understand that transition requirements cannot address every circumstance, and also that IFRS 9's requirements are already quite detailed. However, in view of the importance of the date of initial application concept, we feel it would be useful to consider clarifying these points.

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If you have any questions on our response, or wish us to amplify our comments, please contact our Executive Director of International Financial Reporting, Andrew Watchman (andrew.watchman@uk.gt.com or telephone + 44 207 391 9510).

Yours sincerely,



Kenneth C Sharp  
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