



IFRS News

Welcome to IFRS News – a quarterly update from the Grant Thornton International IFRS team. IFRS News offers a summary of the more significant developments in International Financial Reporting Standards (IFRS) along with insights into topical issues and comments and views from the Grant Thornton International IFRS team.

Our third edition of 2009 leads with the publication of the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). It then looks at the IASB's plans to develop a replacement for IAS 39, its current standard dealing with the recognition and measurement of financial instruments. The IASB's ultimate aim is to replace all of the requirements of IAS 39 during 2010, so there have been a number of developments in the last quarter.

We then go on to consider changes made to Standards in the last quarter as a result of the crisis as well as some more general developments that have taken place. We end with a round up of the proposals that the IASB currently has out for comment and the implementation dates of newer Standards that are about to come into effect.



IFRS for Small and Medium-sized entities

After a long development period, the IASB has now published the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

The IFRS for SMEs aims to meet the demand for an international approach to the financial reporting needs of non-publicly accountable entities for whom the costs of using full IFRS are too expensive.

Rather than specifying any size criteria, the Standard defines small and medium-sized entities as being entities that are not publicly accountable. Publicly accountable entities (broadly speaking) are those that are listed or which hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses.

The IFRS for Small and Medium-sized Entities has essentially been designed to work as a standalone document

This lack of size criteria means that some large private entities will potentially be able to use the Standard. The final decisions on which entities are actually required or permitted to use the IFRS for SMEs will however rest with legislative and regulatory authorities and standard-setters in individual jurisdictions.

Grant Thornton International comment

Grant Thornton International welcomes the publication of the IFRS for SMEs. We believe there is strong demand from this sector for an international approach to reporting that is less onerous than full IFRS. We also believe that users of financial information in the non-publicly accountable sector do not have the same requirements as users of listed company financial statements.

The introduction of an international approach to the accounting for entities in this sector should bring credibility to their financial statements as banks and other financial institutions take comfort from the fact that an internationally recognised set of standards is being applied.

It is now up to individual jurisdictions to determine who will be able to use the Standard and when. While the cost of preparing general purpose financial statements using the IFRS for SMEs means that it may not be suitable for very small entities, we expect the Standard to be beneficial for many other companies in the non-publicly accountable sector.

In terms of the Standard itself, the IFRS for Small and Medium-sized Entities has essentially been designed to work as a standalone document, and it contains no mandatory cross references to full IFRS. Where full IFRS permits a number of possible accounting options for a particular transaction, the Standard presents SMEs with a simplified version of the full requirements by reducing the number of options available to them. For example there is no option to revalue property, plant and equipment.

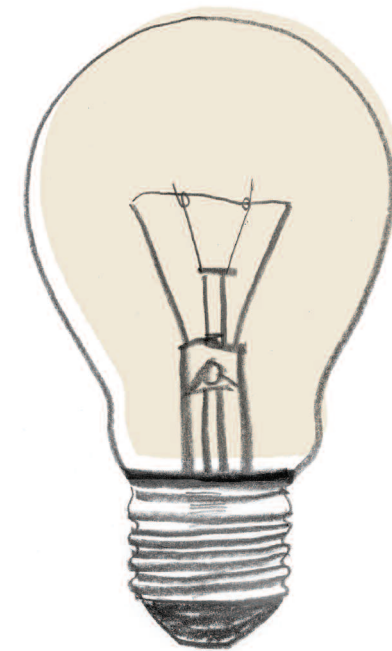
Other important differences from IFRS include:

- goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Where an entity is unable to make a reliable estimate of the useful life of goodwill, the life shall be presumed to be ten years
- a simpler approach to defined benefit pension plans, with no equivalent of IAS 19's 'corridor' accounting
- only two categories of financial assets (cost and fair value) rather than the four categories contained in IAS 39. As an exception to the Standalone nature of the Standard, entities may however choose to apply the full recognition and measurement provisions of IAS 39 if they wish

- only investment property whose fair value can be measured reliably without undue cost or effort is accounted for at fair value
- all borrowing costs are expensed.

Topics not considered relevant to SMEs, such as earnings per share and interim reporting, are omitted from the IFRS for SMEs. The IASB does however consider the principles set out in IFRS 2 'Share-based Payment' to be appropriate to share-based payment made by SMEs, and the requirements in this area are based on that Standard.

Now that the IASB has issued the Standard, the next stage will be to see which jurisdictions apply it, and when.



IASB undertakes comprehensive review of IAS 39

3 phase project to replace standard on recognition and measurement of financial instruments

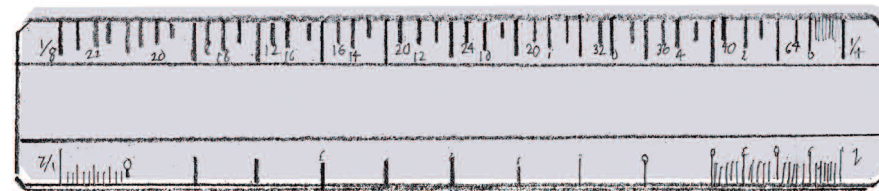
In response to the global economic crisis, the IASB has agreed to undertake a comprehensive review of IAS 39 'Financial Instruments: Recognition and Measurement'.

IAS 39 is generally regarded as the most complex IFRS. The IASB is therefore seeking to break the review down into three parts with the aim of replacing all of the current requirements by 2010. This is in addition to the Exposure Drafts on derecognition and fair value measurement (see separate articles). The three phases are planned as follows:

- Phase 1 – an Exposure Draft on classification and measurement was published on 14 July 2009. The IASB has tentatively decided that mandatory application of the proposed requirements would not be before January 2012 although early application would be permitted (the IASB expects to finalise this phase in time to allow early application for 2009 year end financial statements)
- Phase 2 – publication of an Exposure Draft on impairment in October 2009. Prior to its publication, the IASB has issued a request for input on an expected cash flow approach to impairment (see separate article)
- Phase 3 – publication of an Exposure Draft on hedge accounting in December 2009.

The reason for tackling the issues in this order is that many of the concerns raised during the financial crisis related to IAS 39's classification and measurement requirements. Among other things, these requirements affect the measurement of impairment losses on debt instruments. The IASB has therefore decided to focus on these issues first. It is also impractical to address impairment and hedging until the basic classification and measurement model has been settled.

In the classification and measurement Exposure Draft the IASB proposes a two measurement category approach that would measure financial instruments at either fair value or amortised cost. Reclassification between these categories would be prohibited although there would be a 'fair value option' available at initial recognition when amortised cost might result in an accounting mismatch.



IASB proposes improvements to derecognition requirements for financial instruments

Exposure Draft forms part of the IASB's review of off balance sheet risk

The IASB has published 'Derecognition: Proposed amendments to IAS 39 and IFRS 7'. The Exposure Draft is part of the IASB's comprehensive review of off balance sheet activities and seeks to improve the derecognition requirements for financial instruments.

Derecognition of financial instruments is addressed within IAS 39 'Financial Instruments: Recognition and Measurement'. Those requirements combine elements of various derecognition concepts – risks and rewards, control and continuing involvement – which are applied in a specified order to determine whether all or part of a previously recognised financial asset should be derecognised. The IASB believes that this 'mixed model' adds complexity and leads to application problems. In particular, the application of the Standard to securitisations and other complex financial arrangements has been problematic. This was highlighted as a matter of concern by the G20 leaders when they met in November 2008.

Grant Thornton International comment

We share the IASB's concern that IAS 39's existing derecognition requirements are unduly complex and give rise to frequent application issues. We therefore support the Board's decision to review the derecognition requirements of IAS 39.

While we support a review, however, we also believe that derecognition is a complex and difficult issue. We therefore question whether substantial changes should be implemented on a fast-track timetable. In the short-term, we wonder whether the concerns raised by the G20 and others might be better addressed by improved disclosure.

the current approach to derecognition under IAS 39 would be replaced with a new approach which focuses on a single element, control

The Exposure Draft aims to respond to those concerns. It follows the publication of proposals to strengthen rules for identifying which entities a company controls (the Exposure Draft 'Consolidated Financial Statements' was covered in January's IFRS News).

The proposals would replace the existing IAS 39 derecognition model with a new approach that emphasises control rather than combining elements of different derecognition concepts. The proposed approach is also intended to be simpler by removing:

- tests to evaluate the extent of risks and rewards retained
- specific pass-through requirements and
- one of the three possible derecognition outcomes – being continued recognition to the extent of continuing involvement.

The proposals, if implemented, are likely to have a very significant effect on the accounting for many securitisations, debt factorings and repo transactions.

Support for the proposed amendments is by no means certain, however, with five IASB board members preferring an alternative approach. While the alternative approach also bases derecognition on whether an entity has surrendered control of the asset, it assesses control differently, having a different perspective of what the asset that is the subject of the transfer is.

The IASB is also proposing to enhance the disclosure requirements in IFRS 7 'Financial Instruments: Disclosures' to improve the evaluation of risk exposures and performance, especially in situations where an entity continues to have an ongoing involvement in a financial asset that would be derecognised under the proposals.

Given the sensitivity of this area, the IASB held round table meetings in Asia, Europe and North America in June to seek views on both these proposals and those contained in the related consolidations project. The Exposure Draft is open for comment until 31 July 2009.



IASB publishes draft guidance on fair value measurement

Exposure Draft forms part of the long-term programme to reduce differences between IFRSs and US GAAP

The IASB has published an Exposure Draft 'Fair Value Measurement'. The publication is part of the IASB and US Financial Accounting Standards Board's (FASB) long-term programme to achieve convergence of IFRSs and US GAAP. It is also consistent with requests from G20 leaders to align fair value measurement in IFRSs and US GAAP.

The IASB's starting point in developing the Exposure Draft was the equivalent US standard, SFAS 157 'Fair Value Measurements' as amended. The proposed definition of fair value is identical to the definition in SFAS 157 and the supporting guidance is largely consistent with US GAAP.

If adopted, the Exposure Draft would replace fair value measurement guidance contained in individual IFRSs with a single, unified definition of fair value

Current IFRSs already require some assets, liabilities and equity instruments to be measured at fair value. However, guidance on measuring fair value has been added to IFRSs piecemeal over the years as the IASB or its predecessor decided that fair value was an appropriate measurement or disclosure basis in a particular situation.

The key objectives of the proposed guidance on fair value measurement are as follows:

- to establish a single source of guidance for all fair value measurements required or permitted by IFRSs to reduce complexity and improve consistency in their application
- to clarify the definition of fair value and related guidance in order to communicate the measurement objective more clearly and
- to enhance disclosures about fair value to enable users of financial statements to assess the extent to which fair value is used and to inform them about the inputs used to derive those fair values.

This resulted in the guidance on fair value measurement being dispersed across many IFRSs and not always being consistent between standards. Furthermore, the current guidance is incomplete, providing neither a clear measurement objective nor a robust measurement framework. The result has been to add unnecessary complexity to IFRSs, leading to diversity in practice.

The Exposure Draft addresses the definition of fair value, aiming to establish a framework for measuring fair value and making disclosures about fair value measurements. It does not require any wider use of fair values. If adopted, the Exposure Draft would replace fair value measurement guidance contained in individual IFRSs with a single, unified definition of fair value and supporting guidance (including guidance on fair value measurement in inactive markets).

The Exposure Draft defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). In the absence of an actual transaction at the measurement date, a hypothetical transaction in the most advantageous market for the asset or liability is assumed in the fair value measurement.

A fair value measurement requires companies to determine:

- the particular asset or liability that is the subject of the measurement
- for an asset, the valuation premise that is appropriate for the measurement
- the most advantageous market for the asset or liability and
- the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use in pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.

Grant Thornton International comment

We agree that the lack of complete and consistent guidance on fair value measurement of current IFRSs has resulted in disparity of treatment among companies and inconsistent application. A single and unified definition of fair value will help remove inconsistencies and complexities in this area.

The additional requirement to disclose the extent to which fair value is used and underlying inputs used to derive those fair values will enhance the readers' understanding of the fair value measurements applied by the companies. We consider these to be significant improvements. We will however be looking closely at the detail in the Exposure Draft before submitting our comments to the IASB.

Comments on the Exposure Draft are due by 28 September 2009.



IASB seeks input on feasibility of expected loss model for the impairment of financial assets

The IASB's request for information relating to the expected loss model is part of Phase 2 of the IASB's comprehensive review of IAS 39 'Financial Instruments: Recognition and Measurement'

The IASB has published a request for inputs on the practical issues that may arise if an expected loss model was required in assessing impairment of financial assets. The request for information does not seek views on the relative advantages and disadvantages of alternative impairment approaches. Rather, it asks for information on the feasibility of an expected cash flow approach. The IASB will consider such inputs when developing its proposals for the impairment of financial assets, where an Exposure Draft is planned to be published in October 2009.

The current provisions of IAS 39 require an incurred loss impairment approach for financial assets amortised at cost. Under this approach, an impairment loss is required to be recognised only when a loss has been incurred. If losses are expected to arise from future events, those losses are not recognised.

Currently, the IASB has identified certain challenges in the application of the expected loss model, including:

- the need to formulate expected cash flow data for individual assets and/or portfolios of assets
- the need to estimate initially and subsequently re-estimate credit loss expectations for individual assets and portfolios of assets (which is not required under the incurred loss approach)
- the interaction between individual and collective impairment assessments in the event of a loss incurred on specific assets in the portfolio (which also affects the incurred loss impairment approach to some degree).

The current financial crisis has resulted in many criticisms of this approach being expressed. Particular concerns have been expressed over internal inconsistencies in the approach and over the lack of clarity as to when a loss event takes place. The approach has also been criticised for creating a perceived deficiency in information as a result of incurred losses lagging probable losses.

In view of the above issues and a request from the G20 leaders, the IASB is considering the expected loss model as an alternative. This model requires an entity to make an ongoing assessment of expected credit losses, which may require earlier recognition of credit losses. It is argued by some that this would better reflect the way that financial assets are priced and the way some companies manage their business.

Responses to the IASB's request for information are due by 1 September 2009.

Japanese roadmap for adoption of IFRS

Further to our report in the previous edition of IFRS News on the possibility of Japan moving to IFRS, the Business Advisory Council in Japan, a key advisory body to the Japanese Financial Services Agency (FSA) has now approved a roadmap for the adoption of IFRS in Japan. Formal approval of this roadmap by the FSA is expected imminently.

Under the proposals, listed companies whose financial or operational activities are conducted internationally would be given the option to use IFRS for the fiscal year ending in 2010, while a decision regarding the mandatory use of IFRS would be made around 2012.

In anticipation of this potential move to IFRS, the Business Advisory Council recommends proactive efforts in the following areas:

- examination of the quality of IFRS, taking into account current global market developments
- appropriate translation of IFRS into the Japanese language
- improved accountability of the IASB to regulators and market participants, and enhanced feedback regarding standard setting to stakeholders
- education and training so that stakeholders can understand and utilise IFRS appropriately
- enhancement of the function of the Accounting Standards Board of Japan in order to further improve the quality of Japanese GAAP and increase its participation in the standard setting process
- development of the IFRS taxonomy so that the Japanese electronic reporting system can be used for eXtensible Business Reporting Language (XBRL) reporting under IFRS.

Should the decision be made to go ahead with the adoption of IFRS, it is expected that mandatory use would start from 2015 or 2016.



IASB issues proposals to clarify the accounting for prepayments for pension plans

Exposure Draft aims to correct an unintended consequence of IFRIC 14

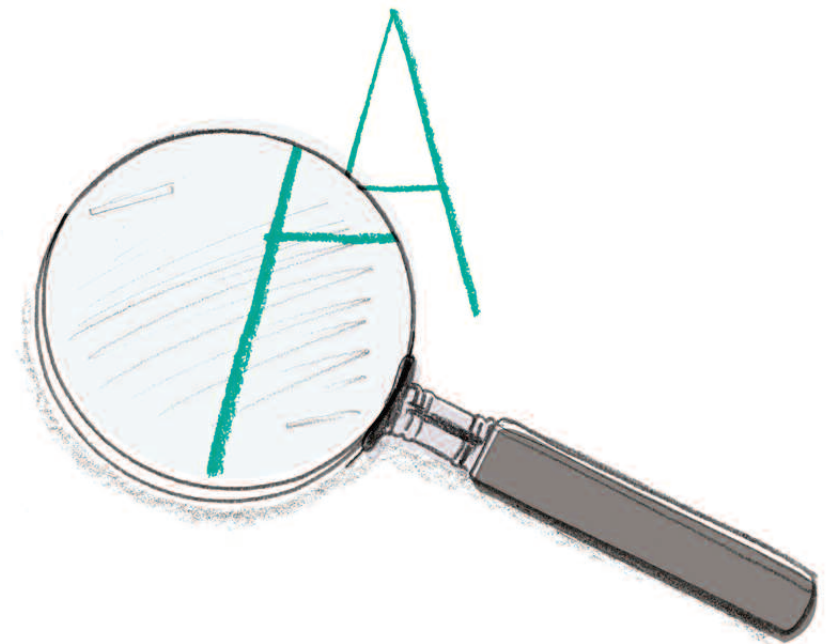
The IASB has published an Exposure Draft of proposed amendments to IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.

The proposed amendments are aimed at correcting an unintended consequence of IFRIC 14, which interprets the application of IAS 19 'Employee Benefits' when a Minimum Funding Requirement exists in a jurisdiction as a way of protecting members of employee benefit plans.

IFRIC 14 currently states that the surplus in a plan created by a prepayment is not regarded as available as an economic benefit if the future minimum funding contribution required in respect of future service exceeds the future IAS 19 service cost. Therefore, in such cases the prepayment is recognised as an expense.

In the IASB's view however, a company that has made a prepayment expects to obtain future economic benefits from that prepayment in the form of reduced cash outflows in future years in which payments would otherwise have been required. It also believes that recognition of an asset would give better information because an entity that has made such a prepayment is in a more economically favourable position than one which has not.

Accordingly, the IASB is proposing to amend IFRIC 14 to require an entity to recognise an asset for a prepayment that will reduce future Minimum Funding Requirements contributions by the entity.



IASB looks to replace IAS 12 ‘Income Taxes’

The IASB has published an Exposure Draft entitled ‘Income Tax’. The proposed new standard would, if adopted, replace the existing requirements in IAS 12 ‘Income Taxes’.

The Exposure Draft has been issued partly in reaction to the strain that IAS 12 has come under as a result of the considerable variations in tax regimes around the world, which has led to many requests for clarification of the Standard. It also forms part of the IASB’s plan for reducing differences between IFRSs and US GAAP.

The Exposure Draft proposes to remove most of the exceptions in IAS 12, however, in order to simplify the accounting and strengthen the principle in the Standard

Calculation methodology

Deferred tax accounting is not carried out if there will be no effect on taxable profit when the entity recovers or settles an asset or liability for its carrying amount.

Investments

The Exposure Draft proposes to restrict IAS 12’s exception from the temporary difference approach relating to a deferred tax asset or liability arising from investments in subsidiaries, branches, associates and joint ventures to investments in foreign subsidiaries, joint ventures or branches that are essentially permanent in duration. There would be no such exception for associates.

Introduction of definitions of tax credit and investment tax credit

A tax credit would be defined as a tax benefit that takes the form of an amount that reduces income tax payable. An investment tax credit would be defined as a tax credit that relates directly to the acquisition of depreciable assets.

Removal of the initial recognition exception currently in IAS 12

The Exposure Draft proposes to eliminate the current ‘initial recognition exception’ in IAS 12. In its place, it introduces a proposal for the initial measurement of assets and liabilities that have tax bases different from their initial carrying amounts. Such assets and liabilities would be disaggregated into (i) an asset or liability excluding entity-specific tax effects and (ii) any entity-specific tax advantage or disadvantage. An entity would recognise and measure the former in accordance with IFRSs and recognise a deferred tax asset or liability for any resulting temporary difference between the carrying amount and the tax basis.

The Exposure Draft retains IAS 12's basic approach of accounting for income tax, known as the temporary difference approach, under which the future tax consequences of past events and transactions are recognised now rather than waiting until the tax is payable.

The Exposure Draft proposes to remove most of the exceptions in IAS 12, however, in order to simplify the accounting and strengthen the principle in the Standard. The following are a summary of some of the changes proposed:

The Exposure Draft is open for comment until 31 July 2009.

Uncertain tax positions

The Exposure Draft proposes that current and deferred tax assets and liabilities should be measured using the probability-weighted average amounts of possible outcomes assuming that the tax authorities will examine the amounts reported to them by the entity and have full knowledge of all relevant information. IAS 12 is silent on the treatment of uncertainty over tax amounts.

Classification

Deferred tax assets and liabilities would be classified as either current or non-current on the basis of the financial reporting classification of the related non-tax asset or liability. Currently, IAS 1 'Presentation of Financial Statements' requires all deferred tax to be classified as non-current. The proposal would result in symmetry of treatment between the item giving rise to deferred tax and the deferred tax balance.

Grant Thornton International comment

The proposals to measure uncertain tax positions using a probability-weighted average amount would be a significant change for companies, many of whom currently adopt an 'all or nothing' approach to this area.

Determining the range of possible outcomes for individual tax positions and the likelihood of those outcomes occurring may be a difficult task for some companies. The proposed disclosure requirements may also result in the presentation of sensitive information.

IASB proposes guidance for the preparation and presentation of management commentary

Proposed guidance looks to provide a basis for the development of good management commentary

The IASB has published a proposed non-mandatory framework to help entities prepare and present a narrative report, often referred to as 'management commentary'. Management commentary is an opportunity for management to provide information on how the entity's financial position, financial performance and cash flows relate to management's objectives and management's strategies for achieving those objectives. Therefore, this information is of keen interest to investors and other users of financial statements. At present, management-type reporting is mandatory in many jurisdictions but in some jurisdictions there is no guidance for such narrative reports. Many preparers and users have indicated a need for the IASB to provide such guidance.

The proposed guidance draws upon international best practice in this subject area. The IASB believes that providing non-mandatory guidance will improve the consistency and comparability of management commentary across jurisdictions.

The key objectives of the proposed guidance on management commentary are as follows:

- to prescribe a framework for the preparation and presentation of management commentary to assist management in preparing decision-useful management commentary to accompany financial statements prepared in accordance with IFRSs

Grant Thornton International comment

The proposed guidance on the preparation and presentation of management commentary is very relevant. In today's uncertain financial climate, users of financial statements look for key information that will enable them to understand the results of operations of entities and aid them in making decisions. This proposed guidance is also viewed as an important tool to help preparers of management commentaries. We will however be looking closely at the detail in the Exposure Draft before submitting our comments to the IASB.

- management commentary prepared under this framework will provide users of financial statements with both historical and prospective commentary on the entity's financial position, financial performance and cash flows, and a context for understanding management's objectives and strategies for achieving those objectives
 - management commentary prepared in accordance with this framework will be within the boundaries of financial reporting and, therefore, within the scope of the conceptual framework for financial reporting.
- If implemented, the proposals would not result in an IFRS and compliance with them would therefore not be a condition for entities to meet when asserting their compliance with IFRSs.

Access to the unaccompanied text of IFRS

The IASB has made the unaccompanied text of International Financial Reporting Standards available for free on its website (www.iasb.org).

The unaccompanied text comprises the core standards, but excludes additional content such as bases for conclusions and implementation guidance.



New Grant Thornton International guides released

The Grant Thornton International IFRS team has published the following new guides in the last quarter:

Financial Instruments – A Chief Financial Officer's guide to avoiding the traps

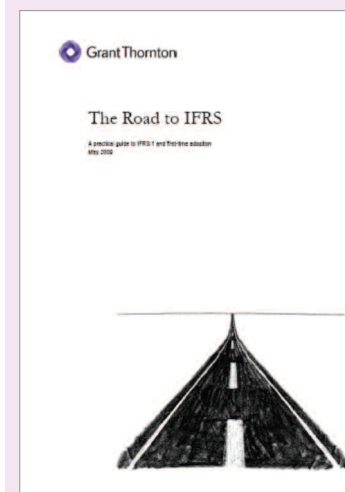


The guide is intended for Chief Financial Officers (CFOs) of businesses that prepare financial statements under IFRS.

It summarises the impact of IAS 39 'Financial Instruments: Recognition and Measurement' together with relevant parts of IAS 32 'Financial Instruments: Presentation'.

It summarises the main challenges that businesses typically encounter in order to help CFOs prioritise and identify key issues. The guide will help a CFO to understand potential problem areas in order to know when to consult further.

The Road to IFRS – A practical guide to IFRS 1 and first-time adoption

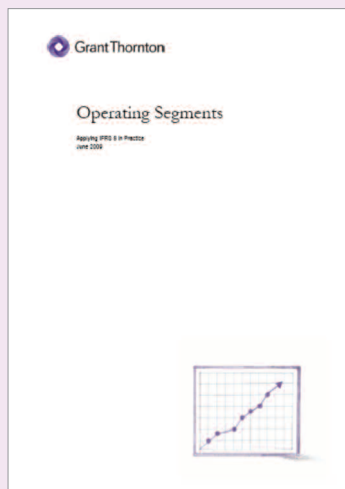


The guide is intended to assist companies in applying the challenging aspects of IFRS 1 'First-time Adoption of International Financial Reporting Standards'. It explains IFRS 1's key implementation issues and includes interpretational guidance in certain problematic areas. It also includes several examples illustrating the Standard's disclosure and presentation requirements.

These publications aim to provide practical guidance on the problems most often encountered in applying IFRS in these areas.

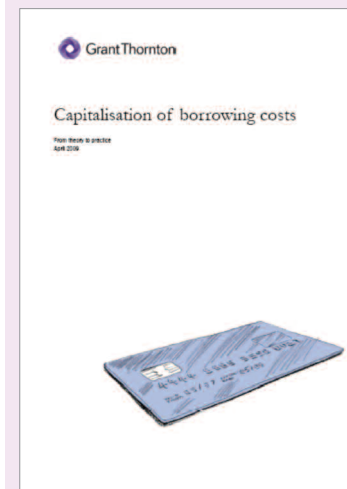
To obtain copies of the guides, please get in touch with the IFRS contact in your local office.

Operating Segments – Applying IFRS 8 in practice



The guide is intended to assist companies in applying the challenging aspects of IFRS 8 'Operating Segments'. It explains IFRS 8's key implementation issues and includes interpretational guidance in certain problematic areas. The guide also includes several examples illustrating the Standard's requirements.

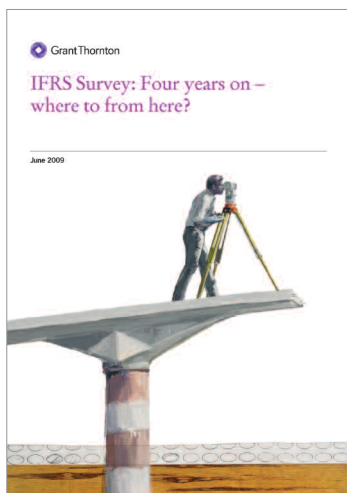
Capitalisation of borrowing costs – from theory to practice



The IASB issued a revised version of IAS 23 'Borrowing Costs' in March 2007. The new standard will result in a change in accounting policy for entities that applied the benchmark treatment of expensing borrowing costs under the previous standard. These entities will now need to develop procedures to calculate the amount of borrowing costs to be capitalised.

Although the concept of capitalising borrowing costs is simple and familiar to many, putting that concept into practice frequently leads to questions. The guide considers many of these questions and provides practical views on how to address them.

Grant Thornton Australia releases IFRS Survey



Grant Thornton Australia has released an IFRS Survey entitled 'Four years on – where to from here?'

The survey looks at the impact of reporting under IFRS since its adoption in Australia in 2005 and the expectations of those affected by IFRS going forward.

Specific issues covered include:

- whether IFRS implementation was successful
- whether there is a need for IFRS simplification
- the desire for and nature of future reforms
- the perceived role of IFRS in the current global financial crisis.

The results showed a clear majority of respondents were supportive of the historic decision to adopt IFRS. Respondents encouraged the IASB to address the complexity of IFRS, however, as part of their future plans.

The survey can be downloaded from:

http://www.grantthornton.com.au/files/gt_ifrs_survey_0509-final.pdf



Andrew Archer, Director, Audit and Assurance Services, Grant Thornton Australia, commented on the results:

"Despite concerns when the new regime was introduced in 2005, overall Australia is adapting to IFRS. We were one of the first markets to implement the new standards and following several reporting periods we're in a better position to understand where adjustments are needed. This is the first real quantified study of Australian market attitudes to IFRS, and its message is clear: reform and simplify."

Open for comment

This table lists the documents that the IASB currently has out to comment and the comment deadline. Grant Thornton International aims to respond to each of these publications.

Current IASB documents

Document type	Title	Comment deadline
Exposure Draft	Management Commentary	1 March 2010
Exposure Draft	Fair Value Measurement	28 September 2009
Exposure Draft	Financial Instruments: Classification and Measurement	14 September 2009
Exposure Draft	Derecognition (proposed amendments to IAS 39 and IFRS 7)	31 July 2009
Exposure Draft	Income Tax	31 July 2009
Exposure Draft	Prepayments of a Minimum Funding Requirement (proposed amendments to IFRIC 14)	27 July 2009
Discussion Paper	Credit Risk in Liability Measurement	1 September 2009
Discussion Paper	Leases: Preliminary Views	17 July 2009
Request for Information	('Expected Loss Model') Impairment of Financial Assets: Expected Cash Flow Approach	1 September 2009



Effective dates of new standards and IFRIC interpretations

The table below lists new IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2008. Companies are required to make certain disclosures in respect of new Standards and Interpretations under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2008

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IFRS for SMEs	International Financial Reporting Standard for Small and Medium-sized Entities	To be determined by individual jurisdictions	To be determined by individual jurisdictions
IFRS 1	First-time Adoption of International Financial Reporting Standards (Revised 2008)	1 July 2009	Yes
IAS 39	Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 July 2009	Yes
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009	Yes (but must also apply IFRS 3 Revised 2008, IAS 27 Revised 2008) and IFRS 5 (as amended by IFRIC 17)
IFRS 3	Business Combinations (Revised 2008)	1 July 2009	Yes (but only for periods beginning on or after 30 June 2007, and in conjunction with IAS 27 Revised 2008)
IAS 27	Consolidated and Separate Financial Statements	1 July 2009	Yes (but must be applied in conjunction with IFRS 3 Revised 2008)
IFRIC 18	Transfers of Assets from Customers	Transfers of assets on or after 1 July 2009	Yes provided the valuations and other information needed to apply the Interpretation to past transfers were obtained at the time those transfers occurred.

Effective dates of new standards and IFRIC interpretations

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2008

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IAS 32 and IAS 1	Amendments to Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	Yes (but must be applied in conjunction with related amendments to IAS 39, IFRS 7 and IFRIC 2)
IFRS 1 and IAS 27	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements	1 January 2009	Yes
IFRS 7	Amendments to IFRS 7 Financial Instruments Disclosures: Improving Disclosures about Financial Instruments	1 January 2009	Yes
IFRS 2	Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations	1 January 2009	Yes
IAS 1	Presentation of Financial Statements	1 January 2009	Yes
IAS 23	Amendments to IAS 23 Borrowing Costs	1 January 2009	Yes
IFRS 8	Operating Segments	1 January 2009	Yes
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009	Yes
Various	Annual Improvements to IFRSs 2008	1 January 2009 (unless otherwise stated)	Yes

Effective dates of new standards and IFRIC interpretations

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2008

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008	Yes
IAS 39 and IFRIC 9	Embedded Derivatives – Amendments to IFRIC 9 and IAS 39	Annual periods ending on or after 30 June 2009	Yes
IAS 39 and IFRS 7	Reclassification of Financial Assets – Effective Date and Transition Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures	1 July 2008 (any reclassification made on or after 1 November 2008 takes effect from the date of reclassification. Any reclassification before 1 November 2008 can take effect from 1 July 2008 or a subsequent date)	No
IAS 39 and IFRS 7	Amendments to IAS 39 Reclassification of Financial assets: Effective Date and Transition	1 July 2008 (clarifies the transition rules mentioned above)	No
IFRIC 13	Customer Loyalty Programmes	1 July 2008	Yes
IFRIC 12	Service Concession Arrangements	1 January 2008	Yes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008	Yes

© 2009 Grant Thornton International Ltd. All rights reserved. Grant Thornton International Ltd (Grant Thornton International) and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.