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IN THE HEADLINES
September 2011, Issue 2011/29

Reminder: Effective dates of IFRSs

This edition of ***In the Headlines*** serves as a reminder of newly effective standards and standards issued but not yet effective for interim* and annual periods ending on **30 September 2011**.

The newly effective standards, interpretations and amendments to standards and interpretations (collectively referred to as standards or requirements) are grouped into three parts.

Part I Standards that are required to be applied in annual and interim periods ending on 30 September 2011.

Part II Standards that are required to be applied in interim periods ending on 30 September 2011. However, these standards are not required to be applied in annual periods ending on 30 September 2011, but can be early adopted unless otherwise indicated. Additional disclosures are required when a standard is early adopted.

Part III Standards that are not required yet to be applied in either interim or annual periods, but that can be early adopted. Additional disclosures are required when such a standard is early adopted.

Entities with annual reporting periods ending on **30 September 2011** also can use Parts II and III in considering the disclosure that should be made to comply with paragraph 30 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

This edition of *In the Headlines* does not cover accounting guidance that currently is in progress. The official standards, amendments to standards, interpretations or other information referred to herein should be read for more complete information on the new requirements and their transitional provisions.

* Interim period generally is either a half-year or quarterly reporting period.

Newly effective amendments for periods beginning on or after 1 July 2011:

- new disclosure requirements for transfers of financial assets
- certain fixed dates in IFRS 1 replaced with 'date of transition'
- additional exemption for first-time adopters previously subject to severe hyperinflation

Summary

The following is a summary of all of the newly effective standards, interpretations and amendments by effective date.

	Effective date[1]	Standard, amendment or interpretation
Part I	1 January 2010	*Improvements to IFRSs 2009* – various standards
		Additional Exemptions for First-time Adopters (Amendments to IFRS 1)
		Group Cash-settled Share-based Payment Transactions (Amendments to IFRS 2)
	1 February 2010	*Classification of Rights Issues (Amendment to IAS 32)*
	1 July 2010	IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*
		Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (Amendment to IFRS 1)
		Improvements to IFRSs 2010 – various standards
Part II	1 January 2011	IAS 24 *Related Party Disclosures* (revised 2009)
		Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14)
		Improvements to IFRSs 2010 – various standards
	1 July 2011	*Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)*
		Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)
Part III	1 January 2012	*Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)*
	1 July 2012	*Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)*
	1 January 2013	IFRS 9 *Financial Instruments*
		IFRS 10 *Consolidated Financial Statements*
		IFRS 11 *Joint Arrangements*
		IFRS 12 *Disclosure of Interests in Other Entities*
		IFRS 13 *Fair Value Measurement*
		IAS 19 *Employee Benefits* (amended 2011)
		IAS 27 *Separate Financial Statements* (2011)
		IAS 28 *Investments in Associates and Joint Ventures* (2011)

1. Effective date is for periods beginning on or after the stated date, unless otherwise indicated.

Part I: Standards that are effective for annual and interim periods ending on 30 September 2011

Standard, amendment or interpretation	Summary of requirements
Improvements to IFRSs 2009	In April 2009 the IASB issued amendments to various standards collectively referred to as *Improvements to IFRSs 2009*. For more information, see our publication *Briefing Sheet – Issue 134*.
Improvements to IFRSs 2009 – Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. The amendments apply prospectively.
Improvements to IFRSs 2009 – Amendments to IFRS 8 *Operating Segments*	The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker.
Improvements to IFRSs 2009 – Amendments to IAS 1 *Presentation of Financial Statements*	The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments.
Improvements to IFRSs 2009 – Amendments to IAS 7 *Statement of Cash Flows*	The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities.
Improvements to IFRSs 2009 – Amendments to IAS 17 *Leases*	The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7–13 of IAS 17, taking account of the fact that land normally has an indefinite economic life.
Improvements to IFRSs 2009 – Amendments to IAS 36 *Impairment of Assets*	The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively.

Standard, amendment or interpretation	Summary of requirements
Improvements to IFRSs 2009 – Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*	The amendments: • provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; • clarify that the scope exemption in paragraph 2(g) of IAS 39 is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and • clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption.
Additional Exemptions for First-time Adopters (Amendments to IFRS 1)	The IASB provided additional optional exemptions for first-time adopters of IFRSs that will: • permit entities not to re-assess the determination of whether an arrangement contains a lease if the same assessment as that required by IFRIC 4 *Determining whether an Arrangement contains a Lease* was made under previous GAAP; and • allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. For more information, see our publication *Briefing Sheet – Issue 145*.
Group Cash-settled Share-based Payment Transactions (Amendments to IFRS 2)	The IASB amended IFRS 2 *Share-based Payment* to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2. For more information, see our publication *Briefing Sheet – Issue 140*.
Classification of Rights Issues (Amendment to IAS 32)	The IASB amended IAS 32 *Financial Instruments: Presentation* to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants *pro rata* to all of its existing owners of the same class of its own non-derivative equity instruments. For more information, see our publication *Briefing Sheet – Issue 157*.
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	This interpretation provides guidance on the accounting for debt for equity swaps. For more information, see our publication *Briefing Sheet – Issue 163*.
Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (Amendment to IFRS 1)	The amendment provides the same relief to first-time adopters as was given to current users of IFRSs on adoption of the Amendments to IFRS 7 *Financial Instruments: Disclosures*. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. For more information, see our publication *Briefing Sheet – Issue 170*.

Standard, amendment or interpretation	Summary of requirements
Improvements to IFRSs 2010	In May 2010 the IASB issued amendments to various standards collectively referred to as *Improvements to IFRSs 2010*. Included in Part I are the amendments effective for annual periods beginning on or after 1 July 2010 and amendments effective for annual periods beginning on or after 1 January 2011 are included in Part II. For more information, see our publication *Briefing Sheet – Issue 185*.
Improvements to IFRSs 2010 – Amendments to IFRS 3 *Business Combinations*	The amendments: • clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); • limit the accounting policy choice to measure non-controlling interests on initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and • expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards.
Improvements to IFRSs 2010 – Amendments to IAS 27 *Consolidated and Separate Financial Statements*	The amendments clarify that the consequential amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures* resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering.

Part II: Standards that are effective for interim (but not annual) periods ending on 30 September 2011

Effective date[1]	Standard, amendment or interpretation	Summary of requirements
1 January 2011	IAS 24 *Related Party Disclosures* (revised 2009)	The revised IAS 24 amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. For more information, see our publication *Briefing Sheet – Issue 158*.
	Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14)	These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. For more information, see our publication *Briefing Sheet – Issue 164*.
	Improvements to IFRSs 2010 – IFRS 1 *First-time Adoption of IFRSs*	The amendments: • clarify that IAS 8 is not applicable to changes in accounting policies occurring during the period covered by an entity's first IFRS financial statements; • introduce guidance for entities that publish interim financial information under IAS 34 *Interim Financial Reporting* and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; • extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and • introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assets used in certain rate-regulated activities.
	Improvements to IFRSs 2010 – IFRS 7 *Financial Instruments: Disclosures*	The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.
	Improvements to IFRSs 2010 – IAS 1 *Presentation of Financial Statements*	The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.
	Improvements to IFRSs 2010 – IAS 34 *Interim Financial Reporting*	The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.
	Improvements to IFRSs 2010 – IFRIC 13 *Customer Loyalty Programmes*	The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.

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Effective date[1]	Standard, amendment or interpretation	Summary of requirements
1 July 2011	*Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)*	The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for: • financial assets that are not derecognised in their entirety; and • financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. For more information, see our publication *Briefing Sheet – Issue 216*.
	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)	The amendments: • replace the fixed dates in the derecognition exception and the exemption related to the initial fair value measurement of financial instruments with 'date of transition'; and • add a deemed cost exemption to IFRS 1 that an entity can apply at the date of transition to IFRSs after being subject to severe hyperinflation. For more information, see our publication *Briefing Sheet – Issue 228*.

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Part III: Standards that are not yet effective

Effective date[1]	Standard, amendment or interpretation	Summary of requirements
1 January 2012	*Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)*	The amendments introduce an exception to the general measurement requirements of IAS 12 *Income Taxes* in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. For more information, see our publication *Briefing Sheet – Issue 229*.
1 July 2012	*Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)*	The amendments: • require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; • do not change the existing option to present profit or loss and other comprehensive income in two statements; and • change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. For more information, see our publication *In the Headlines – Issue 2011/19*.
1 January 2013	IFRS 9 *Financial Instruments*	**Standard issued in November 2009 (IFRS 9 (2009))** IFRS 9 (2009) is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. For more information, see our publication *Briefing Sheet – Issue 164*.

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Effective date[1]	Standard, amendment or interpretation	Summary of requirements
1 January 2013	IFRS 9 *Financial Instruments*	**Standard issued in October 2010 (IFRS 9 (2010))** IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives.* For more information, see our publication *Briefing Sheet – Issue 219*.
	IFRS 10 *Consolidated Financial Statements*	IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when: • it is exposed or has rights to variable returns from its involvement with that investee; • it has the ability to affect those returns through its power over that investee; and • there is a link between power and returns. Control is re-assessed as facts and circumstances change. IFRS 10 supersedes IAS 27 (2008) and SIC-12 *Consolidation – Special Purpose Entities*. For more information, see our publication *In the Headlines – Issue 2011/14*.
	IFRS 11 *Joint Arrangements*	IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It: • distinguishes joint arrangements between joint operations and joint ventures; and • always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation. IFRS 11 supersedes IAS 31 and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers.* For more information, see our publication *In the Headlines – Issue 2011/15*.

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Effective date[1]	Standard, amendment or interpretation	Summary of requirements
1 January 2013	IFRS 12 *Disclosure of Interests in Other Entities*	IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate: • the nature of, and risks associated with, an entity's interests in other entities; and • the effects of those interests on the entity's financial position, financial performance and cash flows. For more information, see our publication *In the Headlines – Issue 2011/16*.
	IFRS 13 *Fair Value Measurement*	IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. For more information, see our publication *In the Headlines – Issue 2011/17*.
	IAS 19 *Employee Benefits* (amended 2011)	The amended IAS 19 includes the following requirements: • actuarial gains and losses are recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and • expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. For more information, see our publication *In the Headlines – Issue 2011/20*.
	IAS 27 *Separate Financial Statements* (2011)	IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. For more information, see our publication *In the Headlines – Issue 2011/14*.
	IAS 28 *Investments in Associates and Joint Ventures* (2011)	IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the following amendments: • IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and • on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa*, the entity does not remeasure the retained interest. For more information, see our publication *In the Headlines – Issue 2011/15*.

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