



To:	AASB Members	Date:	02 June 2010
From:	Joanna Spencer	Agenda Item:	4.5
Subject:	IFRS Interpretations Committee - Work in progress	File:	

Action

To note the IFRS Interpretations Committee's work in progress.

Background

AASB staff have not previously reported on this aspect of the IFRS Interpretations Committee work program and therefore would welcome any comments from AASB members, regarding how and whether this should be presented following each Committee meeting. It is AASB staff's understanding that 'work in progress' are issues that have been referred to the Committee but no decision has yet been made as to whether they should be added to the agenda.

Work in progress	
Topic	Discussions
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> – Fixed date in derecognition exception	<p>The Committee received a request to change the date in IFRS 1, paragraph B2 from 1 January 2004 to 'the date of transition to IFRSs'. The original date was included to correspond with the effective dates of the 2003 revision to IAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>Feedback on the issue from the National Standard Setters group was reviewed, and the Committee also considered the approach to transitioning to IFRSs as proposed in the ED on <i>Derecognition (Proposed amendments to IAS 39 and IFRS 7)</i>. This ED did not clarify whether a fixed or relative date would be used.</p> <p>The issue will be revisited at a later date, once the transition requirements of the proposed <i>Derecognition</i> standard are decided.</p>
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> – Fixed date in exemption D20	<p>The Committee received a request to change the dates in IFRS 1, paragraph D20 from 25 October 2002 and 1 January 2004 to 'the date of transition to IFRSs'. Paragraph D20 is an exemption relating to the fair value measurement of financial assets or financial liabilities at initial recognition in accordance with IAS 39.</p> <p>The Committee recognised that this issue is similar to the above issue regarding <i>Derecognition</i> and recommended that both issues are revisited together at a later date.</p>

<p>IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> – Repeat application of IFRS 1</p>	<p>The Committee was asked whether IFRS 1 could be applied more than once. The scenario provided is that of a foreign listed entity that prepares financial statements under IFRS as part of the listing requirements, (and therefore applied IFRS 1), but then subsequently delists and therefore prepares financial statements under national GAAP. If the national jurisdiction changes from national GAAP to IFRS, so the entity will have to prepare financial statements under IFRS again, how should the entity transition back to reporting under IFRSs.</p> <p>The Committee supported recommending that the IASB should amend IFRS 1 as part of <i>Annual Improvements</i> to clarify that an entity shall apply IFRS 1 when it meets the scope of the Standard even if it has applied IFRS 1 in a previous reporting period.</p> <p>Staff will present the proposed draft wording for an amendment at the July 2010 meeting.</p>
<p>IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> – Reporting in accordance with IFRSs after a period of chronic hyperinflation</p>	<p>A request was received for clarification on how an entity should resume presenting financial statements in accordance with IFRSs after a period when it did not comply with IAS 29. The scenario provided is one where an entity’s functional currency is that of a hyperinflationary economy. The entity cannot comply with IAS 29 because the general price index relating to the entity’s functional currency is unavailable and the functional currency lacks exchangeability.</p> <p>The Committee noted that current IFRSs do not provide guidance on the issue and that during a period of chronic hyperinflation it is not possible to prepare financial statements in accordance with IFRSs.</p> <p>The Committee tentatively concluded that IAS 29 should be amended to provide guidance on how an entity should prepare and present an opening statement of financial position at the date when the entity’s functional currency ceases to be a currency suffering from chronic hyperinflation.</p> <p>Staff will present the proposed draft wording for an amendment at the July 2010 meeting.</p>
<p>IAS 40 <i>Investment Property</i> – Change from fair value model to cost model</p>	<p>At its March 2010 meeting, the Committee recommend the IASB not finalise one of the proposed amendments included in the exposure draft of proposed <i>Improvements to IFRSs</i> published in August 2009. Instead, the Committee recommended that the IASB address this issue, relating to inconsistent guidance in IAS 40 regarding the classification and measurement of an investment property when management intends to sell the asset, as part of a separate project.</p> <p>The IASB discussed the Committee’s recommendation at its March 2010 meeting. The IASB was reluctant to add another project to the agenda and requested that the issue be referred back to the Committee for further deliberation.</p> <p>Staff will present its recommendations to the Committee at the July 2010 meeting.</p>