



## **Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (Proposed amendment to IFRS 1) December 2009**

**COMMENTS TO THE IASB MUST BE RECEIVED BY  
DECEMBER 29, 2009**

**COMMENTS TO THE AcSB MUST BE RECEIVED BY  
JANUARY 10, 2010**

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This Exposure Draft of proposed International Financial Reporting Standards reflects proposals made by the IASB that the AcSB intends to adopt as Canadian generally accepted accounting principles.

Individuals and organizations are invited to send written comments on the Exposure Draft proposals. Comments are requested from those who agree with the Exposure Draft as well as from those who do not.

Comments are most helpful if they are related to a specific paragraph or group of paragraphs, and, when expressing disagreement with the Exposure Draft, they clearly explain the problem, and include a suggested alternative supported by specific reasoning. All comments received by the AcSB will be available on its website at [www.acsbcanada.org](http://www.acsbcanada.org) 10 days after the comment deadline, unless confidentiality is requested.

**To be considered, comments to the AcSB must be received by January 10, 2010, addressed to:**

**Peter Martin, CA  
Director, Accounting Standards  
Accounting Standards Board  
277 Wellington Street West  
Toronto, Ontario M5V 3H2**

**For ease of handling, we prefer comments to be sent by e-mail (in Word format) to:  
[ed.accounting@cica.ca](mailto:ed.accounting@cica.ca)**

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## Highlights

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to incorporate into Canadian GAAP an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* to include transition provisions consistent with the transition provisions of IFRS 7 *Financial Instruments: Disclosures* issued in March 2009. An Exposure Draft proposing the amendment to IFRS 1 was recently issued by the International Accounting Standards Board (IASB). The final amendment is expected to form part of the International Financial Reporting Standards (IFRSs) to be adopted by publicly accountable enterprises.

### Background

The transition provisions of the amendments to IFRS 7 do not require an existing IFRS preparer to provide comparative information for these new disclosures in the first year of application. As IFRS 1 requires the amendments to IFRS 7 to be applied retrospectively, the IASB was asked to provide the same transition relief to first-time IFRS adopters.

### IASB Exposure Draft

The IASB's Exposure Draft "[Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters](#) (Proposed amendment to IFRS 1)" (the ED) is available on the IASB website at [www.iasb.org](http://www.iasb.org).

### Main feature

Given the urgent need for the enhanced disclosures about financial instruments the IASB required in the March 2009 amendments to IFRS 7, the IASB set an early effective date. Given the short implementation period, the IASB provided existing IFRS preparers relief from preparing comparative disclosures in the first year of application. In subsequently considering the effect of the amendments to IFRS 7 on first-time adopters, the IASB agreed that they should be provided the same relief.

The ED proposes that an entity adopting IFRSs for the first time, with a financial reporting period that starts earlier than January 1, 2010, may apply the transition provisions in paragraph 44G of IFRS 7. A first-time adopter need not provide comparative disclosures required by the March 2009 amendments to IFRS 7.

### Timing of adoption

The IASB has proposed that the amendment be effective for annual periods beginning on or after July 1, 2010. The IASB currently expects to issue the amendment in final form in late January or early February 2010, and proposes to permit early adoption. The amendment will be applied retrospectively.

Assuming the IASB's timetable is met, the AcSB intends to incorporate the amendment into Canadian GAAP as part of the IFRSs to be adopted by publicly accountable enterprises. This amendment will benefit publicly accountable enterprises that adopt IFRSs as Canadian GAAP for interim and annual financial statements related to fiscal years beginning earlier than January 1, 2010.

## **Comments requested**

The AcSB encourages Canadian stakeholders to respond to the IASB on its ED. The Invitation to Comment in the ED lists specific questions on which the IASB would like input. The AcSB requests that comment letters be sent directly to the IASB with a copy to the AcSB.

The AcSB would like input from Canadian respondents on the following additional question regarding the proposed amendment.

The proposed amendment has been developed by the IASB for application by entities around the world. Assuming the ED proposal is approved by the IASB, do you believe that there are aspects of the proposed amendment that make some or all of it inappropriate for Canadian entities, even though it is appropriate for entities in the rest of the world? If so, please specify which aspects and what circumstances make the accounting requirements proposed in the ED inappropriate for Canadian entities.

Responses to this additional question should be sent directly to the AcSB.

The deadline for commenting to the IASB on its ED is December 29, 2009. The deadline for responding to the AcSB on the additional question set out above is January 10, 2010.