

Should IFRS 9's effective date be pushed back?



ED/2011/3 *Mandatory Effective Date of IFRS 9* proposes to push back the effective date of IFRS 9 *Financial Instruments* to annual periods beginning on or after 1 January 2015. The extension proposed by the IASB¹ on 4 August 2011 is to allow entities adequate lead time to implement the requirements of all phases of the IAS 39² replacement project at the same time. The exposure draft does not propose extending the limited relief from restatement of comparatives beyond 2011 but asks for comments on this matter.

Background

In 2009 the IASB issued IFRS 9 as part of the first phase of its project to replace IAS 39. The chapters of the standard released in 2009 (IFRS 9 (2009)) only related to the classification and measurement of financial assets. In 2010 the IASB included guidance on the classification and measurement of financial liabilities by issuing IFRS 9 (2010). Entities applying IFRS 9 early can choose to apply either IFRS 9 (2009) or IFRS 9 (2010).

Both standards are mandatorily effective for annual periods beginning on or after 1 January 2013.

The IASB has extended its timeline for completion of the remaining impairment and hedging phases of the IAS 39 replacement project beyond its previous target of June 2011. For this reason it proposes to postpone the mandatory effective date.

Although IFRS 9 generally is required to be applied retrospectively, entities that adopt IFRS 9 for reporting periods beginning before 1 January 2012 need not restate comparative information. The IASB proposes not to extend this limited relief but has requested feedback as to whether it should change the requirement for presentation of comparatives for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012.

Response to the IASB

The IASB has invited comments on the proposals by 21 October 2011.

Highlights

- Mandatory effective date proposed to be pushed back to 1 January 2015
- Proposals do not extend limited relief from restating comparatives
- Responses due by 21 October 2011

Abbreviations

- 1 IASB: International Accounting Standards Board
- 2 IAS 39 *Financial Instruments: Recognition and Measurement*

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Publication name: *In the Headlines*

Publication number: Issue 2011/26

Publication date: August 2011

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