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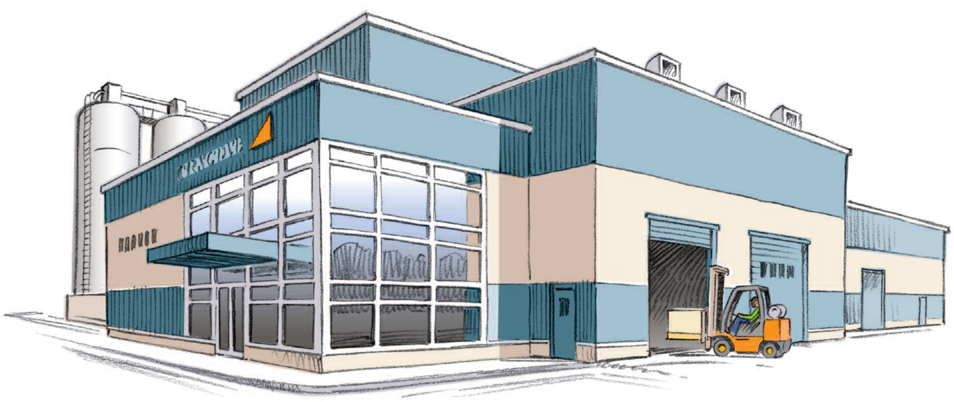
IFRS News

Quarter 2 2012

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 second edition of 2012 starts by looking at the IASB's revised work plan and the projected targets for the documents it expects to issue later this year. We go on to consider some issues arising from current economic conditions that may affect companies using IFRS.

We then turn to IFRS-related news at Grant Thornton, including several new publications that we have issued. We end with a more general round-up of activities affecting the IASB, and the implementation dates of newer Standards that are not yet mandatory.



The IASB's revised work plan

At the end of March, the IASB released an updated version of its work plan. The plan shows the IASB's projected targets for work to be undertaken in 2012, and is an important resource for companies wishing to plan ahead for their future financial reporting requirements.

Of particular interest are the revised plans for the four remaining projects from the Board's convergence work with the US, covering revenue recognition, leases, insurance contracts and the replacement of IAS 39 – the current Standard on financial instruments. The timing of deliverables on these major projects is set out in the table below. It is notable that a new Standard on revenue recognition is not expected before the end of 2012 and that no target date has been set for the finalisation of a new leasing Standard.

IASB's projected targets for 2012

	Q2 2012	Q3 2012	Q4 2012
IFRS 9: Financial Instruments			
• **Classification and measurement**		Target ED	
• **Impairment**		Re-exposure	
• **General hedge accounting**		Target IFRS	
• **Macro hedging**		Target DP or ED	
Revenue recognition	Consider comments received		
Leases		Re-exposure	
Insurance contracts		RD or revised ED	

Key: ED = Exposure Draft
DP = Discussion Paper
RD = Review Draft
Re-exposure = a new Exposure Draft will be issued

In addition to the four main projects referred to in the table, the IASB plans to undertake post-implementation reviews of both IFRS 3 'Business Combinations' and IFRS 8 'Operating Segments'. The IASB will also carry out its Annual Improvements project, being a process for making non-urgent, but necessary, minor amendments to IFRSs. An Exposure Draft is expected on this in the second quarter of the year.

apart from the remaining convergence projects, the IASB finds itself with a relatively clean slate for the first time

Overall, the revised work plan indicates a slow-down in the IASB's pace of standard-setting. This is perhaps to be expected as the IASB's new leadership re-evaluates future priorities. Over the last ten years, the agenda of the IASB has been very much pre-determined. For the first five years, it was dealing with improving IFRSs in time for adoption by Europe and other countries, while the next five years were largely dominated by its convergence work with the US. Apart from the four remaining convergence projects referred to above, the IASB finds itself with a relatively clean slate for the first time.

In a speech in Mexico in March, the new IASB Chairman Hans Hoogervorst gave an indication of what the IASB's future plans might be, while acknowledging that a period of stability will be welcomed by many. Post-completion of its convergence work programme, he suggested that one of the IASB's projects would be to revise its conceptual framework which serves as a point of reference for the IASB's decision-making in general. Providing a clearer conceptual definition of Other Comprehensive Income will also be a priority. Other projects that the IASB may turn to include agriculture, business combinations under common control, hyperinflation and rate-regulated industries. Finally, Mr Hoogervorst indicated a desire to address what is perceived by many as disclosure overload under IFRS – one proposal which can be expected to have the broad support of preparers.

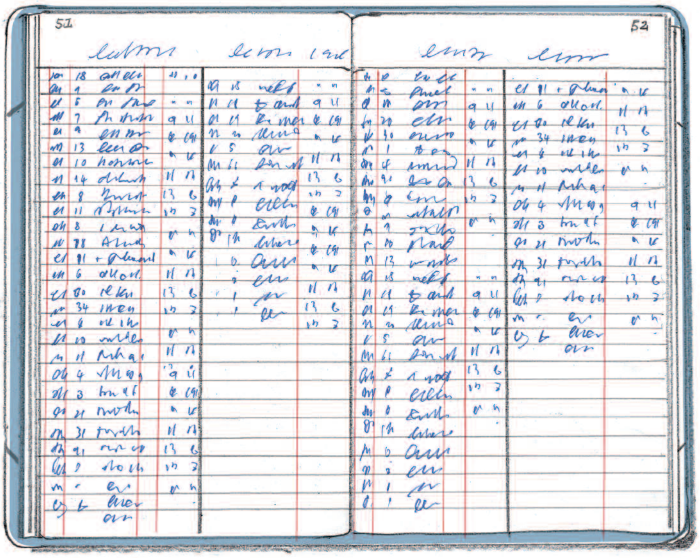
IASB and FASB seek to reduce differences in financial instrument accounting

The IASB and the US Financial Accounting Standards Board (FASB) announced in January that they would work together to seek to reduce differences in their respective classification and measurement models for financial instruments.

The IASB will consider the results of the discussions it holds with its US counterpart as part of its project to undertake limited scope amendments to IFRS 9, the Standard which will replace IAS 39 'Financial Instruments: Recognition and Measurement'.

Independently of this announcement, the two Boards are continuing with their existing work on developing a common approach to impairment of financial assets (see table). The latest discussions in relation to this separate work stream indicate the two Boards are likely to adopt what is being labelled a "three bucket" approach to impairment.

On initial recognition financial assets would go into Bucket 1, with expected (as opposed to incurred) losses being recognised but only on a twelve month outlook period. Financial assets would then move from Bucket 1 to Buckets 2 and 3 should there be a deterioration in recoverability. Estimates of expected lifetime losses would be made for both Buckets 2 and 3. Bucket 2 would however be on a portfolio basis whereas Bucket 3 would be on an individual basis.



IFRS issues related to current economic conditions

The end of 2011 and the first quarter of 2012 saw a slowdown in growth in many European countries and talk of a return to recession in some. There continues to be uncertainty over the prospects for economic recovery throughout the Eurozone and further afield. As a result market conditions are difficult for many companies, with management and those charged with governance facing a number of challenges. We outline below some of the issues that companies using IFRS will need to think about.

Issues facing companies using IFRS

Issue	Factors to consider
Austerity measures	Companies that do significant business with the public sector in countries implementing austerity measures, are likely to face pressures on volumes and margins. While these are primarily business issues, there could also be a pervasive impact on various aspects of financial reporting – including the areas identified below. Even companies that do not trade directly with the public sector may nevertheless be indirectly affected.
Impact on management commentary	Management will need to assess the impact that these wider economic factors will have on the future outlook for their business. It is important that the management commentary (or equivalent such as MD&A or operating and financial review) and the financial statements are mutually consistent in areas such as growth expectations and the identification of operating segments.
Going concern	The effects of economic uncertainty, public spending cuts, and the availability of finance need to be taken into account by management in assessing risks relating to the business's ability to continue as a going concern, and in making the related disclosures.
Impairment	The current economic environment can be expected to have a widespread effect on the impairment of both financial and non-financial assets. Impairment losses need to be determined on a case by case basis reflecting the specific facts and circumstances. For financial assets, some specific points to consider include: • for debt type assets, objective evidence of impairment includes financial difficulty of the debtor, breaches of the terms of the instrument and it becoming probable that the debtor will enter bankruptcy or financial reorganisation • for investments in equities, a significant or prolonged decline in fair value to below cost is one type of objective evidence of impairment • for available-for-sale assets, if objective evidence of impairment exists the entire decline in fair value that has been recognised in other comprehensive income needs to be reclassified into profit or loss. Impairment may also need to be recognised in respect of non-financial assets, while inventory write-downs may be required under IAS 2 'Inventories'. In addition, the Eurozone sovereign debt crisis may affect the discount rate to be used by some companies in carrying out their impairment tests. The Eurozone sovereign debt crisis has increased the yield on long-dated government bonds in what are perceived as the weaker countries in the Eurozone, while decreasing the yields on the government bonds of those countries that are perceived as being safe havens. Putting this information into the impairment test calculation may result in a significant increase in the discount rate to be used for the impairment testing of some assets and cash generating units.
Consequences of restructuring	The requirements of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' may become relevant where a decision is made to sell or terminate part of a company's business. Management will also need to consider whether provisions are required under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

IASB amends IFRS 1 for government loans

The IASB has published 'Government Loans – Amendments to IFRS 1', providing relief for first-time adopters of IFRSs from the retrospective application of the requirements of IAS 20 'Government Grants' on government loans. IAS 20 requires government loans to be measured at fair value on initial recognition, with the corresponding benefit of a below-market interest rate being accounted for as a government grant.

the Amendments provide relief for first-time adopters of IFRSs from the retrospective application of the requirements of IAS 20

Grant Thornton International comment

We welcome the Amendments, which provide the same relief to first-time adopters of IFRSs as is available to existing IFRS preparers when first applying IAS 20's requirements on government loans. Prior to the Amendments a first-time adopter that received a government loan with a below-market interest rate before its transition date needed to estimate the fair value of that loan retrospectively which would require the use of hindsight.

Under the new Amendments to IFRS 1, a first-time adopter:

- classifies government loans received as a financial liability or as equity in accordance with IAS 32 'Financial Instruments: Presentation'
- measures government loans at the date of transition to IFRSs at their previous GAAP carrying value, and subsequently applies IFRS 9 Financial Instruments or IAS 39 'Financial Instruments: Recognition and Measurement'
- applies IAS 20 to government loans received originated after the date of transition.

Despite these requirements, an entity may apply the requirements in IFRS 9 'Financial Instruments' and IAS 20 retrospectively to any government loan originated before the date of transition to IFRSs, provided that the information needed to do so had been obtained at the time of initially accounting for that loan.

SME Implementation Group publishes two final Q&As

The SME Implementation Group (SMEIG) has published the following two new question and answer documents (Q&As) on the IFRS for Small and Medium-sized Entities (SMEs).

- Q&A 2012/01 IFRS for SMEs General topics: Application of 'undue cost or effort'
- Q&A 2012/02 IFRS for SMEs Section 3: 'Jurisdiction requires fallback to full IFRSs'

Q&As published by the SMEIG are non-mandatory guidance that will help those who use the IFRS for SMEs to think about specific accounting questions. They are not intended to modify in any way the application of full IFRSs. The table summarises the guidance in the two Q&As.

Q&A 2012/01 Application of 'undue cost or effort'

- addresses how the phrase 'undue cost or effort' should be interpreted in relation to the application of certain exemptions from the normal requirements of the IFRS for SMEs

The answer:

- notes that 'undue cost or effort' is deliberately not defined in the IFRS for SMEs, because it would depend on the SME's specific circumstances and on management's professional judgement in assessing the costs and benefits
- makes it clear that if obtaining or determining the information necessary to comply with the requirement would result in excessive cost or an excessive burden for an SME, the SME would be exempt from the requirement.

Q&A 2012/02 Jurisdiction requires fallback to full IFRSs

- addresses situations where a jurisdiction has added a requirement that, where the recognition and measurement requirements for a particular transaction are not specifically covered by the IFRS for SMEs, but are covered in full IFRSs, an SME must follow the recognition and measurement requirements in full IFRSs
- the question asks whether an entity in such a jurisdiction can state compliance with the IFRS for SMEs?

The answer notes that:

- the guidance in the IFRS for SMEs on the selection and application of accounting policies allows the full IFRS principles to be used in the absence of specific guidance in the IFRS for SMEs, provided that they do not conflict with requirements in the hierarchy set out in that part of the IFRS for SMEs
- this scenario is different from allowing a free choice to follow full IFRS requirements when specific requirements exist in the IFRS for SMEs for a transaction, other event or condition. Where there are such specific requirements in the IFRS for SMEs, they must be applied even if they differ from full IFRSs.

Comment letter on revenue recognition

Grant Thornton International Ltd and its US member firm, Grant Thornton LLP, have submitted a joint comment letter to the IASB and FASB on their Exposure Draft 'Revenue from Contracts with Customers'.

In the comment letter, we welcome a number of improvements from the earlier 2010 Exposure Draft and consider that the overall package of changes reflects a pragmatic approach that takes account of costs and benefits. Practical expedients, such as the use of a twelve month cut-off period for the recognition of onerous obligations and embedded financing components, have for instance been included in order to reduce unnecessary disruption to established accounting practices, while other changes clarify and simplify application of the proposed Standard.

Nonetheless we believe there are certain areas in which the revised guidance should be clarified or simplified. In particular we believe the guidance on performance obligations satisfied over time to be overly complex, and that the interaction between the proposals on estimating variable consideration and constraining the amount recognised needs attention.

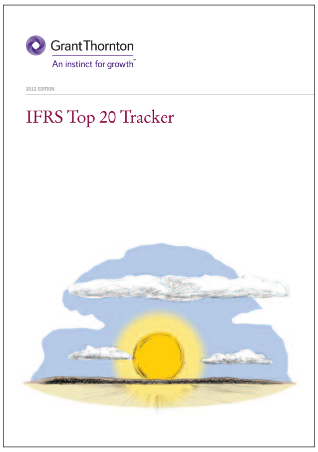
Grant Thornton International IFRS Top 20 Tracker – 2012 edition

The Grant Thornton International IFRS team has published the 2012 edition of its IFRS Top 20 Tracker.

The 2012 edition again takes management through twenty of the top disclosure and accounting issues identified by Grant Thornton International as potential challenges for IFRS preparers.

Key themes driving selection of the issues in the 2012 edition are:

- the need for a company's management commentary and financial statements to complement and be consistent with each other
- the effect that adverse economic conditions may have on a company's financial statements, with particular emphasis on issues related to the Eurozone sovereign debt crisis
- key areas of interest for regulators
- challenging areas of accounting
- recent and forthcoming changes in financial reporting.

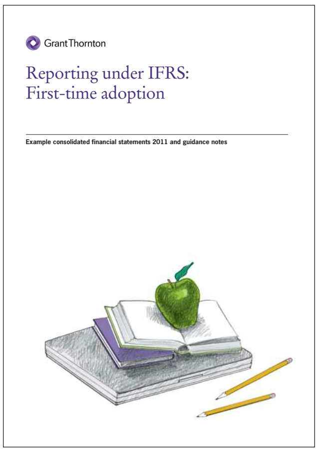


New Grant Thornton International first-time adopter's example financial statements

The Grant Thornton International IFRS team has published an updated version of its publication 'First-time Adoption of IFRS – Example Consolidated Financial Statements'.

The 2011 version of the publication has been reviewed and updated to reflect changes in IFRSs that are effective for annual periods beginning on or after 1 January 2011. Specifically, it reflects amendments to IAS 1 'Presentation of Financial Statements' included in 'Improvements to IFRSs 2010'.

To obtain a copy of the publication, please get in touch with the IFRS contact in your local Grant Thornton office.



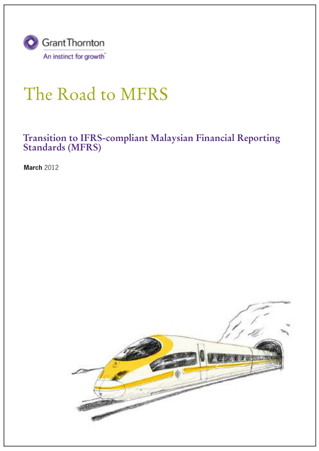
Malaysian firm issues guide to IFRS

Our Malaysian firm, SG Grant Thornton, has issued 'The Road to MFRS – Transition to IFRS-compliant Malaysian Financial Reporting Standards (MFRS)'.

2012 marks a new milestone in Malaysian financial reporting, with IFRS compliant Malaysian Financial Reporting Standards (MFRS) becoming effective.

Our Malaysian firm's publication:

- introduces the MFRS framework
- discusses the general principles of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- highlights certain transitional exemptions available which may be beneficial to entities in smoothing the first-time adoption process.



Swedish partner looks at benefits of IFRS for SMEs

Eva Törning, a partner in our Swedish member firm, has written an article examining the benefits of the IFRS for SMEs.

The article considers the advantages that the Standard offers in terms of simplified group reporting for listed entities using IFRS as well as for smaller Swedish companies that are not currently using IFRS. The article demonstrates the ever-growing interest in the IFRS for SMEs, with over 70 countries having adopted the Standard already or having committed to doing so.

UK firm featured in ICAEW magazine

The online edition of 'Economia', the monthly magazine of the Institute of Chartered Accountants in England and Wales, featured an article from Jake Green and Katherine Martin of our UK member firm.

The article looks at the latest proposals from the UK Accounting Standards Board (ASB) for financial reporting in the UK (see our round-up section for more on those proposals). It notes some of the problems that currently exist under UK GAAP, in particular the lack of guidance on how to account for financial instruments compared to IFRS. While the article acknowledges that there are still issues to be resolved with the ASB's proposals, it hails them as a step in the right direction.

Comment letter submitted to the European Securities and Markets Authority (ESMA)

Comment letter on the Consultation Paper 'Considerations of Materiality in Financial Reporting'

The Grant Thornton International IFRS Team has submitted a comment letter to ESMA on their Consultation Paper 'Considerations of Materiality in Financial Reporting'. In the comment letter we:

- expressed our view that materiality should be determined based on an assessment of the significance of information to users and their decisions
- noted that current interest in this topic has been heightened by a widely-held view that the volume of disclosure required by IFRS has become excessive
- expressed our belief that the current definition of materiality can and should be used by preparers as a tool to ensure their disclosures are well-focused
- agreed that a re-examination of the current IFRS definition of materiality, and additional guidance on its application, might be useful
- stated that we firmly believe the development of any detailed guidance should fall to the IASB.

Grant Thornton thought leadership article on leases

John Hepp and Mark Scoles, two partners in our US member firm, have written a thought leadership article on the IASB's leases project.

'Are all leases created equal?' has been written against the background of the IASB and Financial Accounting Standards Board proposals for a new leasing Standard. The two Boards have proposed a single accounting model for lessors (known as the receivable and residual model) with some minor exceptions for investment property and leases of one year or less.

In 'Are all leases created equal?', Grant Thornton explores the genesis of the proposed Standard and argues that the single-model approach is overly simplistic. The article instead makes a case for the use of two models, based on whether the lessor is managing financial assets or operating assets, and depending on what types of risks are inherent in the lessor's business model.

The IASB is planning to re-expose its proposals on leases in the second half of 2012.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Technical topics in leasing
Are all leases created equal?

Investment property is different

John Hepp, Partner, Accounting Principles Consultation Group and **Mark Scoles**, Partner in Charge, Accounting Principles Consultation Group

As the Financial Accounting Standards Board (FASB) continues its deliberations on the leasing project, some important issues have been raised about the proposed accounting models for both the lessor and the lessee. In this paper, we look at one of the fundamental issues: Is there a single accounting model that faithfully represents the economic substance of all leases? The original proposed FASB Accounting Standards Update, *Leases*, issued in August 2010, included two models for lessors. The International Accounting Standards Board (IASB) and the FASB (the Boards) decided on a single approach for lessors during redeliberations but subsequently decided to "scope out" leases of investment property, creating a de facto second model. Once again, the issue is on the table: Are all leases created equal? This paper looks at the issue from the perspective of the business model of the lessor. "Business model" is sometimes a term of derision in accounting circles, but it can be a useful means of comparing two transactions to determine whether the economic substance of the transactions is the same.

This paper looks at the issue, beginning with the lessor. Subsequent papers will look at the issue from the perspective of the lessee.

Background

In the United States, leases are a flexible contractual means of sharing risk between consenting parties. Under existing GAAP, this is reflected in two accounting models:

- **Capital lease accounting**, for situations in which substantially all the risks and rewards of ownership have been transferred from the lessor to the lessee. The lease is in substance a purchase.
- **Operating lease accounting** for all other leases. The lease is in substance an executory contract between the lessor and the lessee. In accounting vernacular, the lease is off-balance sheet.

The main criticism of this accounting dichotomy is the ease with which it can be abused: The explicit criteria for recognizing a capital lease provide a road map for how to structure arrangements so that lessees qualify for operating lease accounting. Some critics, however, object to any distinction at all between capital and operating leases because they believe that all executory contracts should be recognized on the financial statements, preferably at fair value, and that operating leases are an excellent place to start.

IASB Vice-Chairman speaks at Grant Thornton New Zealand event

IASB Vice-Chairman, Ian Mackintosh took time during a recent visit to his birthplace of New Zealand to speak to senior public sector officials at an exclusive event sponsored by Grant Thornton and CPA Australia.

During his speech, Mr Mackintosh gave some interesting perspectives on the factors affecting the IASB's current agenda, including

- the desire from constituents for a period of calm and a return to concepts
- increasing pressure from the G20 to complete the financial instruments project
- potential Memorandums of Understanding between the IASB and the International Valuation Standards Council, and the IASB and the International Association of Actuaries.

Spotlight on our IFRS Interpretations Group

Grant Thornton International's IFRS Interpretations Group (IIG) consists of a representative from each of our member firms in the United States, Canada, Singapore, Australia, South Africa, India, the United Kingdom, France, Sweden and Germany as well as members of the Grant Thornton International IFRS team. It meets in person two to three times a year to discuss technical matters which are related to IFRS.

Each quarter we throw a spotlight on one of the members of the IIG. This quarter we focus on France's representative:

Emmanuelle Guyomard, France

Emmanuelle is Head of Accounting standards at Grant Thornton, France. She joined our French member Firm in 2006, becoming National technical partner in 2008.

Emmanuelle has specialised in financial reporting standards for over sixteen years. In particular, she was closely involved with working groups set up by the CNC (the former French standard-setter) and the CNCC (the national auditing body in France) during the 2002-2005 period of transition to IFRS of French listed companies. She has also contributed to the translation of the IFRS bound volume in French on behalf of the Review Committee appointed by IASC from 2005 to 2008.

Emmanuelle is currently a member of the French GAAP Commission at the ANC (the French Standard-setter). She is also a member of the board of directors of IMA France, a not-for-profit organisation affiliated with the US Institute of Management Accountants, that aims at providing training and conferences for professionals in IFRS.

Round-up

IFRS for SMEs

The IASB intends to start work on a comprehensive review of the IFRS for SMEs in the second half of 2012. An invitation to comment is expected in the fourth quarter of 2012, with an Exposure Draft in 2014, and a final version of the revised Standard planned for the first quarter of 2014.

Following the publication of Q&As 2012/01 and 2012/02 (see earlier in the newsletter), the IASB has also stated that it does not currently have any additional Questions & Answers (Q&As) on the IFRS for SMEs under development. It furthermore expects that it will not issue many, if any, additional draft Q&As before the start of the comprehensive review.

IASB and FASB roundtables

The IASB and the US Financial Accounting Standards Board are to launch a series of outreach meetings on their revised proposals for the recognition of revenue that were published in November 2011. Meetings will take place in the UK, the US, Japan, Brazil and Malaysia.

The two Boards have also held round-table meetings on the proposals for investment entities that were issued last year.

Monitoring Board and Trustees of the IFRS Foundation reviews

The Monitoring Board and the Trustees of the IFRS Foundation have jointly announced the conclusions of their separate reviews of the governance and strategy of the IFRS Foundation.

The findings of the Monitoring Board's review are concentrated on institutional aspects of governance, particularly the composition and respective roles and responsibilities of the Monitoring Board, the Trustees and the IASB. The findings of the Trustees' strategy review meanwhile look to articulate a clear strategy and vision for the organisation as it enters its second decade by considering the mission, governance, standard-setting process and financing of the IFRS Foundation. Recommendations include improvements to the oversight of the IASB's due process and the establishment of a dedicated research function.

The next steps following publication of the reviews will be for the Monitoring Board to proceed with steps to put into operation the improvement measures, while the Trustees will initiate the process for considering revisions to the Constitution.

IVSC to address valuation of derivatives

The International Valuation Standards Council (IVSC) has launched a project aimed at improving the valuation of financial derivatives.

The IVSC hopes to bring greater transparency to the valuations placed on the portfolios of derivative instruments held by financial institutions, an area which has been the subject of extensive scrutiny by financial regulators following the 2008 financial crisis. The project aims to bring greater consistency and understanding of the techniques used in the valuation process in order to assist management, investors and other stakeholders in understanding the valuations.

EFRAG study on IFRS 10 and SPEs

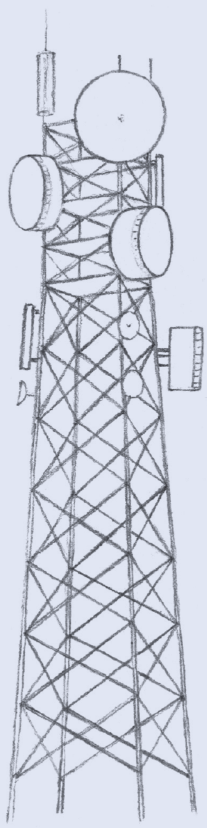
EFRAG has invited companies to participate in a study on how IFRS 10 'Consolidated Financial Statements' will affect the consolidation of Special Purpose Entities (SPEs).

The study is supplementary to the impact assessment of IFRS 10 by the European Commission, being in addition to and separate from EFRAG's endorsement advice. It is meant to illustrate the impacts of IFRS 10 on the scope of consolidation in relation to SPEs. The study will be conducted by EFRAG staff in close cooperation with the staff of national standard setters in Europe who are interested in participating in the study.

EFRAG holds outreach meetings on its proactive discussion papers

The European Financial Reporting Advisory Group (EFRAG) has announced a number of outreach meetings regarding its discussion papers 'Accounting for business combinations under common control' and 'Improving the Financial Reporting of Income Tax'.

The feedback from the meetings will be used by EFRAG in future work with the IASB that relates to income taxes and business combinations under common control.



FRC issues an update in response to economic uncertainties

The UK Financial Reporting Council has issued 'An Update to Directors of Listed Companies: Responding to increased country and currency risk in financial reports'.

The Update, which aims to alert UK listed companies to issues relating to increasing country and currency risk when filing their financial reports, may also be of interest to a wider audience. Issues raised in the Update include:

- exposure to country risk through financial instruments and from exposure to trading counterparties
- the impact of austerity measures being taken in some countries (effect on forecasts, impairment testing, going concern, etc)
- possible consequences of currency events that are not factored into forecasts
- the potential need for enhanced post balance sheet date event disclosures.

The Update can be viewed at **http://www.frc.org.uk/images/uploaded/documents/Update%20for%20Directors%20Jan%2012%20FINAL.pdf**

Financial reporting in the UK

The UK Accounting Standards Board has issued revised proposals for financial reporting in the UK. The proposals, which are aimed at general financial reporting in the UK rather than that of listed companies (who are already required to prepare their consolidated financial statements under IFRS), would result in:

- all current accounting standards being replaced with a single FRS based on the IFRS for SMEs
- introduction of a reduced disclosure framework which would permit certain entities (mainly subsidiaries) to apply the measurement and recognition requirements of EU-adopted IFRS with reduced disclosures
- retaining the UK's Financial Reporting Standard For Smaller Entities (FRSSE).

IFRS Taxonomy 2012

The IFRS Foundation has published the IFRS Taxonomy 2012. The IFRS Taxonomy is a translation of IFRSs into XBRL (eXtensible Business Reporting Language). XBRL is rapidly becoming the format of choice for the electronic filing of financial information. By providing the IFRS Taxonomy, the IFRS Foundation is seeking to address the demand for an electronic standard to transmit IFRS financial information.

The architectural framework of the 2012 taxonomy is consistent with previous versions and consolidates all IFRS Taxonomy interim releases that were published in 2011. In addition, the IFRS Taxonomy 2012 is the first to include over 700 concepts reflecting common practice. These extensions were derived from an analysis of approximately 200 IFRS financial statements and will reduce the need for preparers to customise the Taxonomy to fit their individual needs when filing IFRS compliant financial statements online.

Effective dates of new standards and IFRIC interpretations

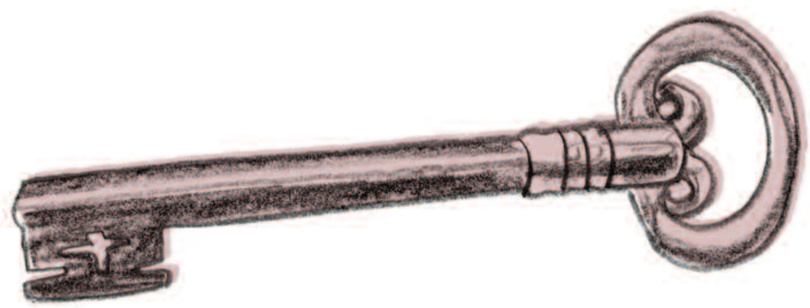
The table below lists new IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2010. Companies are required to make certain disclosures in respect of new Standards and Interpretations under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2010

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IFRS 9	Financial Instruments	1 January 2015	Yes (extensive transitional rules apply)
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	Yes (but must also make the disclosures required by Disclosures – Offsetting Financial Assets and Financial Liabilities)
IFRS 1	Government Loans – Amendments to IFRS 1	1 January 2013	Yes
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	Not stated (but we presume yes)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	Yes
IFRS 13	Fair Value Measurement	1 January 2013	Yes
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013	Yes
IFRS 11	Joint Arrangements	1 January 2013	Yes (but must apply IFRS 10, IFRS 12, IAS 27 and IAS 28 at the same time)
IFRS 10	Consolidated Financial Statements	1 January 2013	Yes (but must apply IFRS 11, IFRS 12, IAS 27 and IAS 28 at the same time)
IAS 28	Investments in Associates and Joint Ventures	1 January 2013	Yes (but must apply IFRS 10, IFRS 11, IFRS 12 and IAS 27 at the same time)
IAS 27	Separate Financial Statements	1 January 2013	Yes (but must apply IFRS 10, IFRS 11, IFRS 12 and IAS 28 at the same time)
IFRS Practice Statement	Management Commentary: A framework for presentation	No effective date as non-mandatory guidance	Not applicable
IAS 19	Employee Benefits (Revised 2011)	1 January 2013	Yes

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2010

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IAS 1	Presentation of Items of Other Comprehensive Income (Amendments to IAS 1).	1 July 2012	Yes
IAS 12	Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)	1 January 2012	Yes
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)	1 July 2011	Yes
IFRS 7	Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)	1 July 2011	Yes
Various	Annual Improvements 2010	1 January 2011 unless otherwise stated (some are effective from 1 July 2010)	Yes
IFRIC 14	Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14	1 January 2011	Yes
IAS 24	Related Party Disclosures	1 January 2011	Yes (either of the whole Standard or of the partial exemption for government-related entities)
IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (Amendment to IFRS 1)	1 July 2010	Yes
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	Yes
IAS 32	Classification of Rights Issues (Amendment to IAS 32)	1 February 2010	Yes
IFRS for SMEs	International Financial Reporting Standard for Small and Medium-sized Entities	Immediately subject to approval within the individual jurisdiction	N/A
Various	Annual Improvements 2009	1 January 2010 unless otherwise stated (some are effective from 1 July 2009)	Yes
IFRS 1	Additional Exemptions for First-time Adopters (Amendments to IFRS 1)	1 January 2010	Yes
IFRS 2	Group Cash-settled Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2010	Yes



Open for comment

At the time of writing, the IASB did not have any documents out for public comment.

Grant Thornton
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