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The Conceptual Framework for Financial Reporting

The *Conceptual Framework*, issued by the International Accounting Standards Board (IASB) in September 2010, sets out the concepts that underlie the preparation and presentation of financial statements for external users. This *Conceptual Framework* replaces the *Framework for the Preparation and Presentation of Financial Statements* (the 1989 *Framework)*.

Chapter 1 sets out the objective, usefulness and limitations of general purpose financial reporting. Chapter 2 on the reporting entity will be added at a later date. Chapter 3 establishes the fundamental and enhancing qualitative characteristics of useful financial information. Chapter 4 consists of the remaining text from the 1989 *Framework* on the going concern assumption, the elements, and the recognition and measurement of the elements of financial statements.

Stakeholders can apply the *Conceptual Framework* immediately as there is no effective date. References to the 1989 *Framework* in International Financial Reporting Standards have not been revised by the International Accounting Standards Board.

IFRS 7 Financial Instruments: Disclosures

Amendments regarding *Disclosures — Transfers of Financial Assets*, issued by the IASB in October 2010, have been made to this standard to enhance the disclosure requirements for transfers of financial assets that result in derecognition.

Paragraphs 42A, 42C and B29-B31 have been added to provide guidance on identifying transfers of financial assets and continuing involvement in a transferred asset for disclosure purposes.

Paragraph 42B has been added and paragraph 13 has been replaced by paragraphs 42D-42H and B32-B39. These amendments provide greater transparency around risk exposures relating to transfers of financial assets that are:

- not derecognized in their entirety; and
- derecognized in their entirety, but with which the entity continues to have some continuing involvement.

The amendments also provide greater transparency about the effect of those risks on an entity's financial position.

These amendments are effective for annual periods beginning on or after July 1, 2011. Earlier application is permitted. An entity need not apply the disclosures for any period presented that begins before the date of initial application of the amendments.

First-time adopters have been provided with the same relief on transition to IFRSs that those already applying IFRSs received on adopting these amendments to IFRS 7.