

## CICA handbook – accounting, part I highlight summary no. I.4 July 2010

### Improvements to IFRSs

The following standards have been amended to reflect *Improvements to IFRSs* issued by the IASB in May 2010:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Paragraphs 27 and 32 have been amended and paragraph 27A added to clarify how changes in accounting policies should be addressed by a first-time adopter when those changes occur after the publication of the entity's first interim financial report. Paragraphs 31B and D8B have been added and paragraphs D1(c) and D8 have been amended to extend the scope of the deemed cost exemption to an event-driven fair value and to entities with operations subject to rate regulation. These amendments are effective for annual periods beginning on or after January 1, 2011.
- IFRS 3 *Business Combinations* – Paragraphs 19, 30 and B56 have been amended and paragraphs B62A and B62B added to limit the scope of the measurement choice for certain components of non-controlling interest and to clarify the accounting for unplaced and voluntarily replaced share-based payment awards. As well, paragraphs 65A-65E have been added to this standard and conforming changes have been made to IFRS 7 *Financial Instruments: Disclosures*, IAS 32 *Financial Instruments: Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* to provide transition guidance on how to account for contingent consideration from a business combination that occurred before the effective date of IFRS 3. These amendments are effective for annual periods beginning on or after July 1, 2010.
- IFRS 7 *Financial Instruments: Disclosures* – Paragraph 32A has been added to emphasize the interaction between qualitative and quantitative disclosures about the nature and extent of risks arising from financial instruments. Paragraph 34 has been amended to clarify that only material disclosures of quantitative financial information are required. Paragraphs 36-38 have been amended to revise the credit risk disclosures required for financial assets, including collateral held and renegotiated financial assets. These amendments are effective for annual periods beginning on or after January 1, 2011.
- IAS 1 *Presentation of Financial Statements* – Paragraphs 106 and 107 have been amended and paragraph 106A added to clarify how entities may present the required reconciliations for each component of other comprehensive income. These amendments are effective for annual periods beginning on or after January 1, 2011.
- IAS 27 *Consolidated and Separate Financial Statements* – As a result of amendments made to IAS 27 in 2008, consequential amendments have been made to the transition guidance in IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*. These amendments are effective for annual periods beginning on or after July 1, 2010.
- IAS 34 *Interim Financial Reporting* – Paragraphs 15, 15B and 16A have been amended, paragraphs 15A and 15C added and paragraphs 16-18 deleted to emphasize the disclosure principles in IAS 34 and to add further guidance on how to apply these principles. These amendments are effective for annual periods beginning on or after January 1, 2011.
- IFRIC 13 *Customer Loyalty Programmes* – Paragraph AG2 has been amended to clarify the basis for measuring the fair value of the award credits. This amendment is effective for annual periods beginning on or after January 1, 2011.

The above amendments have been included in the 2010 Edition of "IFRSs issued but not yet effective" section as the amendments are effective after January 1, 2010. Earlier application is permitted.