

IAS Plus Update.

IASB updates Standard on first-time adoption

On 27 November 2008, the International Accounting Standards Board (IASB) issued a revised version of IFRS 1 **First-time Adoption of International Financial Reporting Standards**. The objective of the revision is to improve the structure of the Standard – no new or revised technical material has been introduced.

Following its publication in 2003, IFRS 1 had been amended a number of times, so that the text of the Standard had become increasingly complex. The November 2008 revisions (exposed as part of the 2007 improvements project) are designed to make the Standard clearer and easier to follow by reorganising and moving to appendices most of the Standard's numerous exceptions and exemptions. The improved structure is also intended to better accommodate future changes to the Standard.

Material has been reorganised within appendices as follows:

- exceptions to the retrospective application of other IFRSs (new Appendix B);
- exemptions for business combinations (new Appendix C); and
- exemptions from other IFRSs (new Appendix D).

Interestingly, the Board has created another appendix (Appendix E) which for the moment is unused, but which could be used for future possible short-term exemptions from IFRSs on first-time adoption.

The Board has also taken the opportunity to remove out-of-date transitional provisions and make some minor wording amendments.

The revised text reflects:

- the May 2008 amendments to IFRS 1 regarding investments in subsidiaries, jointly controlled entities and associates (see IAS Plus special edition May 2008); and
- consequential amendments to IFRS 1 (including updated transitional provisions) arising from other recent developments in Standards – notably IAS 1(2007) **Presentation of Financial Statements**, **Improvements to IFRSs** issued in May 2008 and IFRS 3(2008) **Business Combinations**.

The revised Standard is to be applied where an entity's first IFRS financial statements are for a period beginning on or after 1 January 2009. Earlier application is permitted.

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