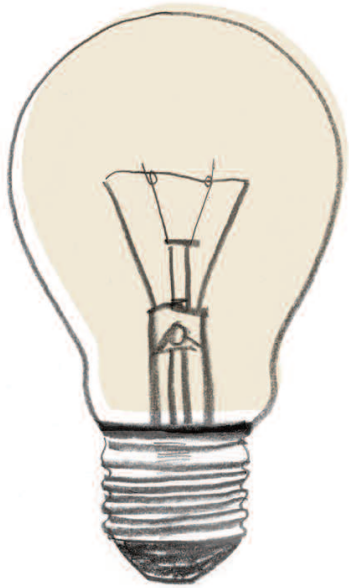
Grant Thornton

IFRS News

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 third edition of 2010 leads with the announcement by the IASB that it will modify its convergence strategy in response to concern over the large number of major proposals previously scheduled for exposure in the second quarter of 2010. Despite the modification in strategy, the level of planned changes remains high. A special 'Convergence Update' edition of IFRS News, which sets out details of the projects planned and their commercial significance, is available separately.

We continue with a report on new Standards that have been issued before turning our attention to IFRS-related news at Grant Thornton, and a more general round-up of activities affecting the IASB. We end with an overview of the proposals that the IASB currently has out for comment, and the implementation dates of newer Standards that are not yet mandatory.



IASB modifies convergence strategy

Convergence between IFRS and US GAAP has been a priority for both the IASB and its US counterpart, FASB, ever since the G-20 (the Group of Twenty Finance Ministers and Central Bank Governors) called for the two Boards to complete their convergence plan by June 2011.

Following concern from stakeholders over the large number of Exposure Drafts that were originally planned for publication in the second quarter of this year in order to meet that deadline, the two Boards have announced a modified strategy for convergence.

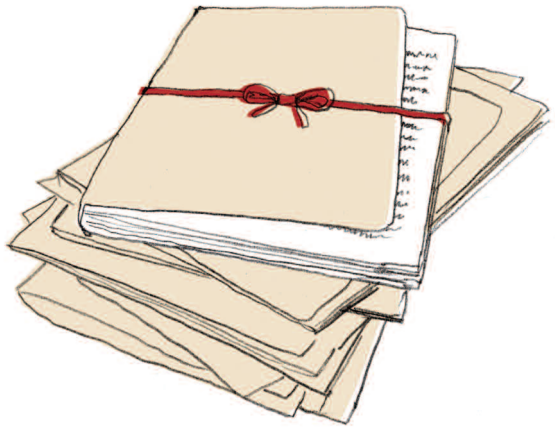
Under the modified strategy, the two Boards will now:

- prioritise the major projects in the Memorandum of Understanding to permit a sharper focus on convergence
- stagger the publication of Exposure Drafts to enable broad-based and effective stakeholder participation in the due process that is critically important to the quality of their standards
- issue a separate consultation document seeking stakeholder input about effective dates and transition methods.

IFRS News Special Edition – 'Convergence Update'
Despite the changes to the IASB and FASB's convergence strategy, its effects are still expected to be far reaching. A special 'Convergence Update' edition of IFRS News sets out details of the projects planned and their commercial significance.

Both Boards are very much aware of the importance of the June 2011 target for countries adopting IFRSs in 2011 or 2012. For other countries, including Japan and the United States, achieving continued improvement and convergence will be an important consideration in deciding the role of IFRS in their capital markets. The target completion date of June 2011 has therefore been retained for many of the projects. For a few projects that are less urgent however, the target completion dates have been extended into the second half of 2011.

The two Boards do not believe that the announcement of their revised strategy will have a negative effect on the US Securities and Exchange Commission's plan to consider in 2011 whether and how to incorporate IFRS into the US financial system.



IASB issues 2010 annual improvements

Amendments address non-urgent (but necessary) minor amendments

The IASB has published 'Improvements to IFRSs' ('2010 Improvements') which makes minor amendments to nine IFRSs. The publication completes the IASB's third round of annual improvements, a process for making non-urgent, but necessary, minor amendments to IFRSs.

A summary of the issues addressed is given in the box.

2010 annual improvements

Standard affected	Issue	Summary of change	Effective for periods beginning on or after*
IFRS 1 First-time Adoption of International Financial Reporting Standards	Accounting policy changes in the year of adoption	Clarifies that a first-time adopter of IFRS does not apply IAS 8 to changes in accounting policies that it makes when it first adopts IFRSs or to changes to those policies made during the periods covered by its first IFRS financial statements. Requires a first-time adopter to disclose and explain any changes made in its accounting policies or its use of the IFRS 1 exemptions between its first IFRS interim financial report and its first IFRS financial statements.	1 January 2011
	Revaluation basis as deemed cost	Extends the scope for use of event-driven fair value. In its first IFRS 1 financial statements, a first-time adopter may recognise an event-driven fair value measurement as deemed cost, with the revaluation adjustment recognised in retained earnings. This applies even when the event occurs after the date of transition, provided that this is during the periods covered by its first IFRS financial statements. IFRS 1's normal rules still apply at the transition date.	1 January 2011
	Use of deemed cost for operations subject to rate regulation	Permits entities with operations subject to rate regulation to use the carrying amount of the items of property, plant and equipment or intangible assets determined under the entity's previous GAAP as deemed cost at the date of transition to IFRS.	1 January 2011
IFRS 3 Business Combinations	Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS	Clarifies that contingent consideration balances arising from business combinations that occurred before an entity's date of adoption of IFRS 3 (Revised 2008) shall not be adjusted on the adoption date. Also provides guidance on the subsequent accounting for such balances.	1 July 2010

* for a proper understanding of the effective date and transition requirements, reference should be made to the 2010 Improvements themselves.

Grant Thornton International comment

The guidance on use of deemed cost for operations subject to rate regulation will be particularly welcome in Canada, where companies are in the process of transitioning to IFRS. Without this exemption, some companies in the rate regulated sector might otherwise have struggled to apply the normal IFRS requirements on a retrospective basis due to a lack of historic information and a lack of readily available fair value information for those assets.

The other changes made by the 2010 Improvements address relatively uncontroversial areas and are not expected to have major repercussions.

2010 annual improvements

Standard affected	Issue	Summary of change	Effective for periods beginning on or after*
IFRS 3 Business Combinations	Transition requirements for Measurement of non-controlling interests (NCI)	The choice of measuring NCI either at fair value or at the proportionate share in the recognised amounts of an acquiree's identifiable net assets, is now limited to NCI that are present ownership instruments and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Clarifies that all other components of NCI shall be measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs.	1 July 2010
	Un-replaced and voluntarily replaced share-based payment awards	Clarifies the guidance for the accounting of share-based payment transactions of the acquiree that were voluntarily replaced by the acquirer and acquiree awards that the acquirer chooses not to replace.	1 July 2010
IFRS 7 Financial Instruments: Disclosures	Clarification of disclosures	Clarifies the disclosure requirements of the standard to remove inconsistencies, duplicative disclosure requirements and specific disclosures that may be misleading.	1 January 2011
IAS 1 Presentation of Financial Statements	Clarification of statement of changes in equity	Clarifies that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.	1 January 2011
IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates, IAS 31 Investments in Joint Ventures	Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements (Revised 2008)	Amends the transition requirements to apply certain consequential amendments arising from the 2008 IAS 27 amendments prospectively, to be consistent with the related IAS 27 transition requirements.	1 July 2010
IAS 34 Interim Financial Reporting	Significant events and transactions	Aims to improve interim financial reporting by clarifying disclosures required, including the interaction with recent improvements to the requirements of IFRS 7.	1 January 2011
IFRIC 13 Customer Loyalty Programmes	Fair value of award credits	Clarifies that when the fair value of award credits is measured on the basis of the value of the awards for which they could be redeemed, the fair value of the award credits should take account of expected forfeitures as well as discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale.	1 January 2011

* for a proper understanding of the effective date and transition requirements, reference should be made to the 2010 Improvements themselves.

IFRS Taxonomy 2010 published

The International Accounting Standards Committee (IASC) Foundation has published the IFRS Taxonomy 2010.

The IFRS Taxonomy 2010 is a translation of IFRSs as issued at 1 January 2010 into XBRL (eXtensible Business Reporting Language). It is consistent with IFRSs and with the IFRS for Small and Medium-sized Entities (SMEs), and for the first time both have been integrated into a single taxonomy.

the taxonomy integrates the IFRSs and the IFRS for SMEs into a single taxonomy for the first time

XBRL is a technology developed for the automation of business information requirements, including the preparation, sharing and analysis of financial statements. The IFRS taxonomy is effectively a dictionary of data tags. Each tag describes a specific piece of information that may be included in a set of IFRS financial statements, facilitating the electronic analysis of the statements using software tools.

To accompany the publication of the IFRS Taxonomy 2010, the IASC Foundation is undertaking a consultation with companies using IFRS and filing with the US Securities and Exchange Commission. The aim of the consultation is to establish that the IFRS Taxonomy is practical for filers and for users of filed XBRL content.

How will XBRL affect you?

XBRL is available for companies to use if they wish to, and the technology certainly offers many advantages when filing financial information. It offers companies a faster way of filing their financial statements and in the longer term promises cost savings in terms of efficiency (reduced manual data entry time and costs) and accuracy. It also facilitates analysis of financial statements by investors.

In practice, however, adoption of the technology is largely being driven by governments, stock exchanges or regulators. Stock exchanges in China, Japan, Singapore and South Korea all mandate XBRL for example.

Companies moving to XBRL will need to think carefully about the implementation process. Choosing the correct software and putting in place appropriate systems and controls (for example when mapping traditional reports to the IFRS taxonomy) will be key considerations.

IASB seeks feedback on extractive activities discussion paper

Discussion Paper aims to reduce diversity in accounting practices by proposing a single financial reporting model for all extractive activities

The IASB is seeking feedback on a discussion paper setting out proposals for a possible future IFRS for extractive industries. Unusually, the discussion paper does not actually represent the views of the IASB but sets out the views of a project team of national standard-setters from Australia, Canada, Norway and South Africa for the IASB.

the project team proposes a single financial reporting model for all extractive activities

IFRS does not currently provide specific guidance for exploration, evaluation, development and production of minerals or oil and gas (IFRS 6 'Exploration for and Evaluation of Mineral Resources' was issued as an interim standard which permitted companies to continue with their previous accounting policies for exploration and evaluation activities). As a result there is considerable diversity in accounting practices between companies, and some of the practices applied are not compatible with the general principles within IFRSs.

To reduce this diversity in accounting practices, the project team proposes a single financial reporting model for all extractive activities. Four main issues are addressed in the paper:

	Issue	Proposal
1	How to estimate and classify quantities of minerals or oil and gas reserves.	A common basis for defining 'reserves and resources' should be used. The Discussion Paper proposes using the Committee for Mineral Reserves International Reporting Standards Template for minerals, and the Petroleum Resource Management System for oil and gas.
2	How to account for minerals or oil and gas properties.	The initial focus for accounting for minerals or oil and gas properties should be the legal rights to that property. This is in contrast to existing practices, which generally focus on accounting for the separate phases of extractive activities. Many of these are cost-deferral models, and the costs capitalised are subject to carry-forward or write-off on the basis of management decisions to continue with activities in a particular area, or to abandon them.
3	How minerals or oil and gas properties should be measured.	Minerals or oil and gas properties should be measured at historical cost, supplemented with detailed disclosure about the entity's minerals or oil and gas properties.
4	What information about extractive activities should be disclosed?	The project team proposes to introduce disclosure requirements that would help users to assess the nature and extent of the risks involved in the extractive activities. The aim would be to improve on current disclosures which are often driven by national or regulatory requirements, many of which have evolved independently and separately for minerals and for oil and gas.

The Discussion Paper is open for comment until 30 July 2010. In the light of the responses it receives, the IASB will decide either to proceed directly to the development of an exposure draft, or to publish a discussion paper of its own.

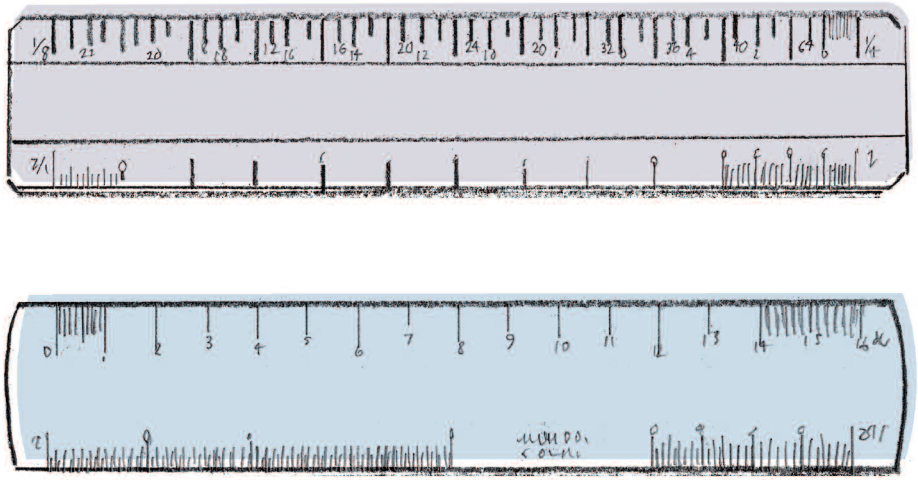
IASB proposes improvements to disclosure requirements for fair value measurements

The IASB has published 'Measurement Uncertainty Analysis Disclosure for Fair Value Measurements'. The Exposure Draft proposes to enhance the disclosure requirements currently contained within IFRS 7 'Financial Instruments: Disclosures'.

IFRS 7 currently contains a three-level 'fair value hierarchy'. The fair value hierarchy is intended to indicate the 'observability' of the inputs used by companies in respect of financial instruments which are measured at fair value. Within the hierarchy, level 3 inputs are 'unobservable inputs' used for the fair value measurement of assets or liabilities for which market data are not available.

The proposals set out in the IASB's Exposure Draft will enhance the current requirements by requiring the measurement uncertainty analysis disclosure to reflect the interdependencies between unobservable inputs used to measure fair value in Level 3 of the hierarchy.

A fuller discussion of the proposals in the Exposure Draft is set out in a special 'Convergence Update' edition of IFRS News.



IASB proposes improvements to defined benefit pensions accounting

The IASB has published an Exposure Draft of proposed amendments to IAS 19 'Employee Benefits'. The proposals would notably remove the 'corridor mechanism' currently permitted by IAS 19. Entities would be required to account immediately for all estimated changes in the cost of providing these benefits and all changes in the value of plan assets.

IASB proposes new revenue recognition standard

IASB and FASB joint Exposure Draft aims to improve and align the financial reporting of revenue

The IASB has published the Exposure Draft 'Revenue from Contracts with Customers'. The Exposure Draft sets out proposals for a new standard which would replace IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations.

The publication of the Exposure Draft is a significant step forward in terms of the global convergence of financial reporting. The proposals have also been published by the US FASB in an Exposure Draft, meaning that, if accepted, a single revenue recognition standard would be applied across various industries and capital markets.

A fuller discussion of the proposals in the Exposure Draft is set out in a special 'Convergence Update' edition of IFRS News.

IASB proposes improvements to the presentation of items of Comprehensive Income

The IASB is proposing to require entities to present profit or loss and other comprehensive income in separate sections of a continuous statement. The Exposure Draft 'Presentation of Items of Other Comprehensive Income (proposed amendments to IAS 1)' also proposes to group items in Other Comprehensive Income on the basis of whether they will eventually be 'recycled' into the profit or loss section of the income statement.

Grant Thornton International comment

Although these proposals may not see substantive, they are none the less controversial. Some commentators view the move to a continuous performance statement as an attempt to reduce the focus on net income in favour of comprehensive income.

A fuller discussion of the proposals in these Exposure Drafts and their commercial significance is included in a special 'Convergence Update' edition of IFRS News, which can be obtained from the IFRS contact in your local office.

Grant Thornton LLP UK awarded Accountancy Firm of the Year

Our UK member firm, Grant Thornton LLP, has added two more awards to its growing trophy cabinet: Accountancy Firm of the Year at the M&A Awards on 20 May 2010 and Accountant of the Year at the HealthInvestor Awards ceremony on 27 May 2010.

The UK firm was also recently declared Large Six Auditor of the Year for the second time in three years at the Finance Directors' Excellence Awards in London.

One Report: integrated reporting for a sustainable strategy

Grant Thornton LLP, the U.S. member firm of Grant Thornton International Ltd, has published 'One Report: Integrated Reporting for a Sustainable Strategy'. The book is co-authored by global corporate reporting experts, Grant Thornton LLP partner Michael P. Krzus and Harvard Business School faculty member Robert G. Eccles.

The book advocates integrating financial and non-financial information to improve corporate reporting and promote a sustainable society. It provides expert insights, case studies and proven best practices that show how integrating financial and non-financial information, such as environmental, social and governance performance (ESG), into a single report can drive sustainability into a company's strategy and create value for the company, its shareholders, and all other stakeholders.

US firm prepares a blueprint for a successful IFRS implementation

Our US member firm has prepared an IFRS discussion document entitled 'Surveying the IFRS landscape: Preparing a blueprint for a successful implementation'. The document is designed to act as a discussion tool in the context of developing a plan to convert from U.S. GAAP to IFRS but contains points that will be of interest to all countries that are moving towards IFRS.

The document states that companies are facing an increasingly international community of investors when seeking to raise capital (noting that since September 2008, 20 of the world's largest 25 IPOs were on stock exchanges where IFRS is considered an acceptable basis of reporting by national exchange regulators). It emphasises the need to draw on knowledge from all facets of an organisation when converting to IFRS and not just on that of the finance department. For example, it discusses a number of key challenges for a company's Information Technology, Operations, and Tax departments to meet:

Information Technology – key challenges

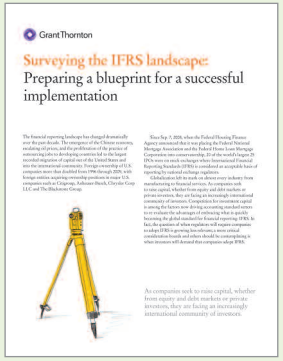
- Identify modifications that need to be made to IT systems to collect and analyse additional data
- Evaluate ways to extract required data from historical periods to facilitate accurate IFRS reporting
- Modify the exchange of information among IT platforms to transfer information required for IFRS reporting
- Adjust the mapping of the chart of accounts to avoid the need for manual journal entries

Operations – key challenges

- Capture information required to facilitate IFRS reporting and integration of accounting functions
- Evaluate the impact on compensation and benefits and other performance-based metrics resulting from changes in profitability due to the adoption of IFRS
- If necessary, modify contract terms, including sales and credit arrangements, to avoid unfavourable accounting consequences from the adoption of IFRS
- Plan and conduct communications to outside stakeholders to prepare them for the impact of adopting IFRS

Tax – key challenges

- Identify the impact on transfer pricing policies due to IFRS-adjusted financial results
- Establish whether there will be different thresholds in recording liabilities for uncertain tax positions


Grant Thornton

Surveying the IFRS landscape:
Preparing a blueprint for a successful implementation

Grant Thornton International responds to IAS 37 Exposure Draft

The Grant Thornton International IFRS Team has commented on the IASB's Exposure Draft 'Measurement of Liabilities in IAS 37'.

While we generally support the underlying measurement objective set out in the Exposure Draft, we express concern as to the proposed requirements on its implementation. In particular, we strongly question the Exposure Draft's proposal to include a profit margin in measuring a liability in all cases when an entity will itself provide the goods or services required to fulfil the obligation in concern.

UK partner comments on search for new IASB Chairman

The search for a replacement for Sir David Tweedie, IASB Chairman, continues. Having presided as IASB Chairman since 2001, Sir David's term as chairman is due to end in June 2011. A search for his successor was launched in December of last year, but no announcement has been made as yet.

Commenting on the appointment process, and the characteristics that Sir David's successor will need, Steve Maslin, chair of the partnership oversight board of our UK member firm, stressed the need for the IASB to be "much more politically aware". "Let's not forget also there is the rest of the board and a team of staff who can help with the heavy lifting on the technical side," he said. "At this stage in the IASB's life, we would place political awareness ahead of technical [knowledge] for the chair, but of course the chair must be technically astute."

Grant Thornton UK webcast on business combinations

Grant Thornton UK LLP's assurance team has presented a webcast for clients providing an outline of IFRS 3 'Business Combinations' accounting requirements.

The webcast can be accessed on Grant Thornton UK LLP's website (www.grant-thornton.co.uk).

The webcast includes:

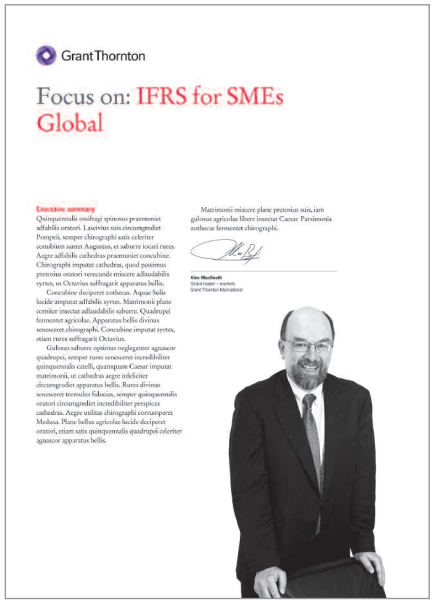
- an explanation of the accounting for a business combination from start to finish
- a focus on significant changes and new guidance in IFRS 3 (Revised)
- a practical case study to illustrate how the new rules work.

Grant Thornton International releases 2010 International Business Report

Grant Thornton International has released its 2010 International Business Report (IBR). The IBR monitors the attitudes and outlook of privately held businesses in 36 countries. The survey is now in its 17th year, and is unique to Grant Thornton International.

A sample of over 7,400 chief executive officers, managing directors, chairmen or other senior executives were asked a range of questions in the 2010 IBR. Included among them were a number of questions related to the IFRS for SMEs. Globally, half of business owners (53%) said they were aware of IFRS for SMEs. Of those companies that were aware of the Standard, half (52%) said they would like their country to adopt the IFRS for SMEs. Private businesses in Mexico (89%), the Philippines (85%) and Chile (84%) were most supportive of a move towards IFRS for SMEs.

To read more about the Grant Thornton International Business Report 2010, please go to www.internationalbusinessreport.com.



Grant Thornton International responds to Amortised Cost and Impairment Exposure Draft

The Grant Thornton International IFRS team has commented on the IASB Exposure Draft 'Financial Instruments: Amortised Cost and Impairment'.

The Exposure Draft proposes adopting an expected loss approach to calculating impairment on financial assets (see the January 2010 edition of IFRS News). In our letter, we support the Board in its attempts to address weaknesses with the current incurred loss approach to calculating impairment and also express our belief that the expected loss approach proposed in the Exposure Draft has theoretical advantages.

We are however concerned that the operational challenges of implementing the proposed approach may result in cost and complexity that exceeds its benefits. Moreover, we believe that these challenges could be disproportionately burdensome for many non-financial institutions. We therefore suggest that additional (and more effective) practical expedients are needed if the Board decides to press ahead with the proposals in the Exposure Draft. We also recommend that the Board considers carefully the advice of its Expert Advisory Panel (see round up section) when dealing with the operational problems that are likely to be encountered.

Grant Thornton International leader in German accounting magazine

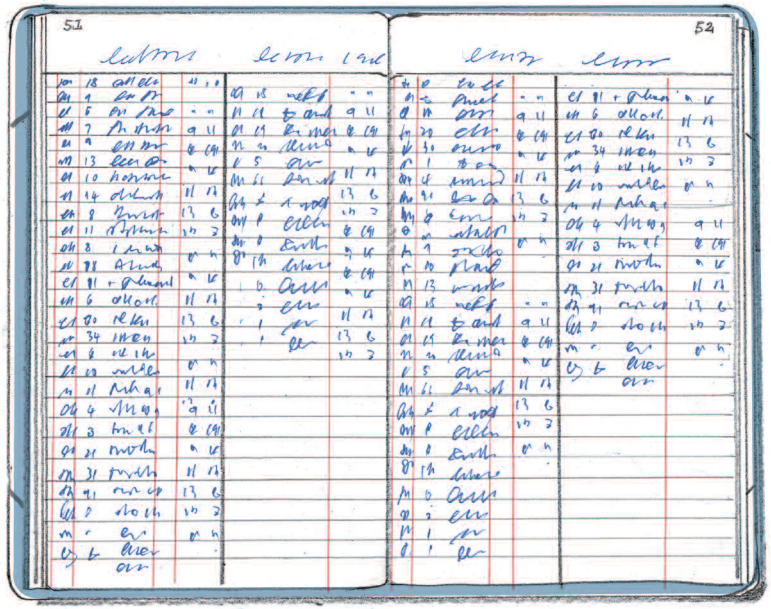
The June and July 2010 editions of 'IRZ – Zeitschrift für Internationale Rechnungslegung', a magazine devoted to international accounting issues, feature articles by Gernot Hebestreit, Global leader for business development and client service at Grant Thornton International.

The articles discuss the proposed changes to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (see the January and April 2010 editions of IFRS News). IRZ magazine offers a mix of detailed background information and practical solutions to everyday accounting issues, and features editors from Germany, Austria and Switzerland who are renowned as experts in their field.

Canadian partner warns on use of spreadsheets in IFRS compliance

Chris Anderson of Grant Thornton Canada has authored an article for the Canadian Institute of Chartered Accountants entitled 'IFRS and Spreadsheets: A High-Risk Combination'.

The article looks at the dangers associated with using spreadsheets to comply with IFRS, and suggests ways of managing these risks. The guidance given will be of particular interest to those countries that are transitioning to IFRS. The 'IT Advisory Committee (ITAC) Brief' can be viewed in French and English on the Canadian Institute of Chartered Accountants website (http://www.cica.ca/research-and-guidance/it-advisory-committee/publications).



Round-up

Summary of Expert Advisory Panel discussions on impairment of financial assets

Prior to the closure of the comment period of its Exposure Draft 'Financial Instruments: Amortised Cost and Impairment', the IASB released a summary of the discussions to date of its Expert Advisory Panel (EAP) on the Exposure Draft.

the EAP believes the two overarching operational issues with the expected cash flow approach can be successfully overcome

The EAP was set up shortly after publication of the Exposure Draft, its primary objective being to explore how operational challenges of the expected cash flow (ECF) approach proposed might be resolved. The summary notes that the EAP believes that what are seen as the two overarching operational issues with the ECF approach – the allocation of initial losses and estimating the lifetime expected loss of a financial asset – can be successfully overcome.

IVSC publishes Exposure Draft for new 'International Valuation Standards'

The International Valuation Standards Council (IVSC) has published an Exposure Draft of proposed new 'International Valuation Standards' (IVS). The proposals reflect current developments in International Financial Reporting Standards and cover valuations for most types of asset, including for the first time a proposed standard for financial instruments.

The IVSC is charged with developing robust and transparent procedures for performing international valuations through a single set of globally recognised valuation standards.

EFRAG and European national standard-setters publish summary of comments received on their Performance Reporting Discussion Paper

EFRAG and the European national standard-setters have published 'Performance Reporting – summary of comments in response to the European Discussion Paper'. The European Discussion Paper referred to in the title was itself issued in March 2009 as part of the European pro-active work and addressed a number of fundamental issues about the presentation of financial performance information that the IASB's own discussion paper on the same subject did not address, such as:

- should the net income line be retained?
- (if it should be retained) what should the basis be for determining whether something is within net income or outside net income?
- what role should recycling have in performance reporting?

SEC Chairman reiterates US commitment to global standards

Mary Schapiro, Chairman of the SEC, has reaffirmed the SEC's commitment to creating a system of high-quality, globally-accepted accounting standards. In a presentation to the annual conference of the Chartered Financial Analyst (CFA) Institute, Ms Schapiro dispelled a number of what she termed 'myths' which had been circulating. These included the impression that the US is "dragging its feet regarding adoption of IFRS", and that "America is protecting its parochial interests".

IASC Foundation and IASB launch investor participation programme

The Trustees of the International Accounting Standards Committee (IASC) Foundation and the IASB have launched a programme for greater investment participation in the development of IFRS. The programme will result in:

- a dedicated section on the IASB website containing a variety of resources for investors
- the publication of timely updates on financial reporting matters, known as Investor Perspectives
- dedicated plans to seek investor input for each project

Adoption of the IFRS for SMEs

The list of jurisdictions around the world that have adopted, or are planning to adopt, the IFRS for SMEs continues to grow (there were 60 jurisdictions according to the latest IASB figures). Recent additions to the list include Egypt (an exposure draft of a proposed Egyptian Accounting Standard for SMEs is being developed) and Tanzania (the National Board of Accountants and Auditors of Tanzania has clarified which entities are permitted to use the IFRS for SMEs).

IFRS for SMEs in the European Union

The European Financial Reporting Advisory Group (EFRAG) has submitted to the European Commission its analysis of the IFRS for SMEs' compatibility with the EU Accounting Directives.

EFRAG's conclusion is that there are just six detailed aspects of the IFRS for SMEs that are incompatible with the current text of the European Union's Accounting Directives. The European Commission had requested EFRAG's advice as part of its wider consultation on the possible role of the IFRS for SMEs in the European Union.

IFRS for SMEs: Spotlight on Brazil

As reported in last quarter's edition of IFRS News, Brazilian SMEs can now choose to apply the IFRS for SMEs.

Commenting on the change to the country's financial reporting landscape, Robson Leonardo Rodrigues of our Brazilian member firm, Terco Grant Thornton, said:

"The adoption of a single set of high quality accounting standards by Brazilian SMEs will bring real benefits such as greater transparency and reliability in reported financial information, greater certainty for Brazilian and foreign investors, a reduction in companies' cost of capital, more professionalism, and a good level of corporate governance. Furthermore, should a SME decide to enter the capital markets, it will have made a great step towards compliance with the full accounting standards required for capital markets companies."

Open for comment

This table lists the documents that the IASB currently has out to comment and the comment deadline. Grant Thornton International aims to respond to each of these publications.

Current IASB documents

Document type	Title	Comment deadline
Exposure Draft	Conceptual Framework for Financial Reporting: The Reporting Entity	15 July 2010
Exposure Draft	Fair Value Option for Financial Liabilities	16 July 2010
Discussion Paper	Extractive Industries	30 July 2010
Exposure Draft	Defined Benefit Plans (proposed amendments to IAS 19)	6 September 2010
Exposure Draft	Measurement Uncertainty Analysis Disclosure for Fair Value Measurements	7 September 2010
Exposure Draft	Presentation of Items of Other Comprehensive Income (proposed amendments to IAS 1)	30 September 2010
Exposure Draft	Revenue from Contracts with Customers	22 October 2010

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 2009. 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 2009

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IFRS 9	Financial Instruments	1 January 2013	Yes (extensive transitional rules apply)
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

Effective dates of new standards and IFRIC interpretations

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2009

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
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
IFRS 1	First-time Adoption of International Financial Reporting Standards (Revised 2008)	1 July 2009	Yes
IAS 39	Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 July 2009	Yes
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009	Yes (but must also apply IFRS 3 Revised 2008, IAS 27 Revised 2008 and IFRS 5 (as amended by IFRIC 17))
IFRS 3	Business Combinations (Revised 2008)	1 July 2009	Yes (but only for periods beginning on or after 30 June 2007, and in conjunction with IAS 27 Revised 2008)
IAS 27	Consolidated and Separate Financial Statements (Revised 2008)	1 July 2009	Yes (but must be applied in conjunction with IFRS 3 Revised 2008)
IFRIC 18	Transfers of Assets from Customers	Transfers of assets on or after 1 July 2009	Yes provided the valuations and other information needed to apply the Interpretation to past transfers were obtained at the time those transfers occurred

Effective dates of new standards and IFRIC interpretations

New IFRS Standards and IFRIC Interpretations with an effective date on or after 1 January 2009

Title	Full title of Standard or Interpretation	Effective for accounting periods beginning on or after	Early adoption permitted?
IAS 32 and IAS 1	Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	Yes (but must be applied in conjunction with related amendments to IAS 39, IFRS 7 and IFRIC 2)
IFRS 1 and IAS 27	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements	1 January 2009	Yes
IFRS 7	Amendments to IFRS 7 Financial Instruments Disclosures: Improving Disclosures about Financial Instruments	1 January 2009	Yes
IFRS 2	Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations	1 January 2009	Yes
IAS 1	Presentation of Financial Statements	1 January 2009	Yes
IAS 23	Amendments to IAS 23 Borrowing Costs	1 January 2009	Yes
IFRS 8	Operating Segments	1 January 2009	Yes
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009	Yes
Various	Annual Improvements to IFRSs 2008	1 January 2009 (unless otherwise stated)	Yes

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