Introduction

1. At the 16 June meeting the Board discussed the implications of retrospective application to the classification and measurement model to be proposed in a future exposure draft (the ‘ED’). At previous meetings, Board members expressed the view that disclosures would be required for early adopters to increase comparability with entities that do not adopt early. These disclosures would have to be provided in addition to those required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. IAS 8.28 requires the following disclosures in the year of initial application of an IFRS:

   (a) the title of the IFRS;
   (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
   (c) the nature of the change in accounting policy;
   (d) when applicable, a description of the transitional provisions;
   (e) when applicable, the transitional provisions that might have an effect on future periods;
   (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment.
(i) for each financial statement line item affected; and

(ii) if IAS 33 *Earnings per Share* applies to the entity, for basic and diluted earnings per share;

(g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and

(h) if retrospective application required by paragraph 19(a) or (b) of IAS 8 is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

3. Agenda paper 3C\(^1\) of this meeting proposed comprehensive disclosures for early adopters. Many Board members felt that the proposed disclosures were punitive and would discourage entities from early adopting any new requirements.

### Proposed disclosures for early adopters

4. The staff still believes that additional disclosures for early adopters are necessary to help users in comparing the financial position and performance of entities before the mandatory effective date. However, the staff understands the concerns raised by Board members that the proposals might discourage early adoption, in particular for 2009 year ends.

5. Any additional disclosures should enable users to identify items whose measurement and/or presentation basis has changed under the new classification model and what the impact on the financial statements was.

6. **To enable users to undertake this exercise the staff believes the following additional disclosures would be useful in the year of adoption if the final requirements are adopted early (ie, before its effective date):**

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\(^1\) See par. 85 of agenda paper 3C.
(a) a table displaying all financial instruments, aggregated by class as defined in IFRS 7 *Financial Instruments: Disclosures*, whose measurement basis or the presentation of gains or losses has changed as a result of applying the new guidance, disclosing:

(i) the original and new measurement basis;

(ii) the original and new carrying amount; and

(iii) the reasons for the change in the measurement basis or presentation method.

(b) a table displaying the reclassified amounts as a result of any:

(i) designations *into* the fair value option including the original measurement bases (and presentation method) and carrying amounts;

(ii) dedesignations *out of* the fair value option distinguishing between permitted and required\(^2\) dedesignations including the original measurement bases (and presentation method) and carrying amounts; and

(iii) the reasons for any such designation and dedesignation.

**Question to the Board**

Does the Board agree with the staff recommendation in paragraph 6? If not, what approach do Board members want to require, and why?

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\(^2\) Two of the three criteria restricting today’s fair value option would be eliminated as a result of Board’s tentative decisions on the classification model.