APPENDIX A (Alternative A)

106 An entity shall present a statement of changes in equity showing in the statement or in the notes:

(a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;

(b) for each component of equity, the effects of retrospective application

(c) [deleted]

(d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:

  (i) profit or loss;

  (ii) each item of other comprehensive income: and

  (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

107 An entity shall present, either in the statement of equity or in the notes, ~~the amounts of dividends recognized as distributions to owners during the period and the related amount per share~~ the per share amount of dividends recognized as distributions to owners.

Appendix B

Proposed amendment to International Accounting Standard 34 *Interim Financial Reporting*

Introduction

The Board proposes the following amendment to IAS 34 *Interim Financial Reporting*

Selected explanatory notes

Many users of financial statements have asked the Board to consider whether some disclosure requirements should be mandated in both interim and annual financial statements. In particular, users proposed mandating some disclosure requirements within IFRS 7 *Financial Instruments: Disclosures* for interim financial reporting.

The Board proposes an amendment to emphasise the disclosure principles in IAS 34 and to add further guidance to illustrate how to apply these principles.

[redacted]

Proposed amendment to IAS 34 *Interim Financial Reporting*

~~Selected explanatory notes~~

Significant events and transactions

15 **An entity shall include in its interim report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period and information that updates the information presented in the most recent annual report in relation to those events and transactions. ~~is more useful.~~** [contains text from current paragraph 15]

15A A user of an entity's interim financial report will also have access to the most recent annual financial report of that entity. It is unnecessary, therefore, for the notes to an interim financial report to provide relatively insignificant updates to the information that was already reported in the notes in the most recent annual report. [text from current paragraph 15]

16 The types of events or transactions for which disclosures would be required if material are set out below. The list not exhaustive.

(a) the write-down of inventories to net realisable value and the reversal of such a write-down;

(b) recognition of a loss from the impairment of financial assets, property, plant and equipment, intangible assets, or other assets, and the reversal of such an impairment loss;

(c) the reversal of any provisions for the costs of restructuring;

(d) acquisitions and disposals of items of property, plant and equipment;

(e) commitments for the purchase of property, plant and equipment;

(f) litigation settlements;

(g) corrections of prior period errors;

(h) ~~[deleted]~~ significant changes in the business or economic circumstances that affect the fair value of financial assets and liabilities;

(i) any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period; ~~and~~

(j) related party transactions;

(k) significant transfers between levels of the fair value hierarchy in the measurement of the fair value of financial instruments;

(l) the reclassification of financial assets no longer held for the purpose of selling or repurchasing in the near term; and

(m) changes in contingent liabilities or contingent assets.

[contains text from current paragraph 17]

17 Individual Standards and Interpretations provide guidance regarding disclosure requirements for many of the items listed in paragraph 16. When an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual financial period, its interim financial report should provide an explanation of and an update to the relevant information included in the financial statements of the last annual financial period.

~~18 Other Standards specify disclosures that should be made in financial statements. In that context, financial statements means complete sets of financial statements of the type normally included in an annual financial report and sometimes included in other reports. Except as required by paragraph 16(i), the disclosures required by those other Standards are not required if an entity's interim financial report includes only condensed financial statements and selected explanatory notes rather than a complete set of financial statements.~~

[redacted]

Other minimum disclosures

18 Notwithstanding the requirements in paragraphs 15-17, an entity shall include the following information, as a minimum, in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis. However, the entity shall also disclose any events or transactions that are material to an understanding of the current interim period:

(a) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change;

(b) explanatory comments about the seasonality or cyclicality of interim operations;

(c) the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence;

(d) the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years;~~, if those changes have a material effect in the current interim period;~~

(e) issuances, repurchases, and repayments of debt and equity securities;

(f) dividends paid (aggregate or per share) separately for ordinary shares and other shares;

(g) the following segment information (disclosure of segment information is required in an entity's interim financial report only if IFRS 8 *Operating Segments* requires that entity to disclose segment information in its annual financial statements):

   (i) revenues from external customers, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker;

   (ii) intersegment revenues, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker;

   (iii) a measure of segment profit or loss;

   (iv) total assets for which there has been a material change from the amount disclosed in the last annual financial statements;

   (v) a description of differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss;

   (vi) a reconciliation of the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to profit or loss after those items. Material reconciling items shall be separately identified and described in that reconciliation;

(h) ~~material~~ events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period; and

(i) the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required by IFRS 3 *Business Combinations*. ~~; and~~

~~(j) changes in contingent liabilities or contingent assets since the end of the last annual reporting period.~~

[contains text from current paragraph 16]

[redacted]

Effective date

49 Paragraphs [x] were added/deleted/amended as part of *Improvements to IFRSs* issued in April 2010. An entity shall apply this amendment for annual periods beginning on or after 1 January 2011. Earlier application is permitted. If an entity applies the amendment for an earlier period it shall disclose that fact.

[redacted]

Basis for Conclusions on proposed amendment to IAS 34 *Interim Financial Reporting*

This Basis for Conclusions accompanies, but is not part of, the proposed amendment.

BC1 IAS 34 was issued by the International Accounting Standards Board's (IASB) predecessor body the International Accounting Standards Committee (IASC) in 1998. In the light of recent improvements to disclosure requirements, many users of financial statements requested that the Board consider mandating some disclosure requirements within IFRS 7 *Financial Instruments: Disclosures* for interim financial reporting. The Board noted that although IAS 34 does not directly mandate a list of specific disclosure requirements, it sets out several disclosure principles to determine what information should be disclosed in an interim financial report. The Board concluded that an emphasis on these principles and the inclusion of additional examples relating to more recent disclosure requirements ie fair value measurements and reclassifications would improve interim financial reporting. Hence, the Board proposes an amendment to emphasise the disclosure principles in IAS 34 and to add further guidance to illustrate how to apply these principles.

[redacted]

Proposed amendment to IAS 40 *Investment Property* (as revised in 2003)

Paragraphs 57-60 are amended (new text is underlined and deleted text is struck through) and paragraphs 58A-58D and 85C are added (new text is underlined).

Transfers

57 Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

~~(b) commencement of development with a view to sale, for a transfer from investment property to inventories;~~[Deleted]

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property;

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property; or

(e) end of construction or development, for a transfer from property in the course of construction or development (covered by IAS 16) to investment property.

58 ~~Paragraph 57(b) requires an entity to transfer a property from investment property to inventories when, and only when, there is a change in use, evidenced by commencement of development with a view to sale.~~ When an entity decides to dispose of an investment property~~ without development~~, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of financial position), and does not treat it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment.

58A Investment properties that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) shall apply IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. If an entity decides to dispose of an investment property but the IFRS 5 criteria for it to be classified as held for sale are not met, the entity shall present investment properties held for sale and related liabilities separately from other investment properties and their related liabilities in the statement of financial position. An entity shall present separately any cumulative income or expense recognised in other comprehensive income relating to an investment property classified as held for sale.

58B An entity shall not reclassify or re-present amounts presented for assets and liabilities of investment properties classified as held for sale in the statements of financial position for prior periods to reflect the classification in the statement of financial position for the latest period presented.

58C An entity shall disclose the following information in the notes in the period in which an investment property has been either classified as held for sale or sold:

(a) a description of the investment property (or disposal group in which it is included);

(b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal;

(c) the gain or loss recognised in accordance with paragraphs 20–22 and, if not separately presented in the statement of comprehensive income, the caption in the statement of comprehensive income that includes that gain or loss;

(d) if applicable, the reportable segment in which the investment property (or disposal group in which it is included) is presented in accordance with IFRS 8 *Operating Segments*.

58D If an entity no longer intends to sell the investment property, an entity shall disclose, in the period it decides to change the plan to sell the investment property (or disposal group in which it is included), a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations for the period and any prior periods presented.

59 Paragraphs 60–65 apply to recognition and measurement issues that arise when an entity uses the fair value model for investment property. When an entity uses the cost model, transfers between investment property~~,~~ and owner-occupied property ~~and~~or inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

60 For a transfer from investment property carried at fair value to owner-occupied property~~ or inventories~~, the property's deemed cost for subsequent accounting in accordance with IAS 16~~ or IAS 2~~ shall be its fair value at the date of change in use.

Effective date and transition

85C Paragraphs 57-60 were amended and paragraphs 58A-58D were added by *Improvements to IFRSs* issued in [date]. An entity shall apply those amendments prospectively to all decisions to dispose of investment property made for annual periods beginning on or after 1 January 2010. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

Basis for Conclusions on proposed amendments to IAS 40 *Investment Property* (as revised in 2003)

In the Basis for Conclusions on IAS 40, paragraphs B66A – B66C are added.

Transfers

B66A The Board identified potentially inconsistent guidance regarding the classification of an investment property when management intends to sell it. Some read the guidance in paragraph 58 as requiring the investment property to be classified as inventories in accordance with IAS 2 *Inventories* whereas the guidance in paragraph 56 requires the investment property to be classified in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

B66B The Board noted that the original classification of an asset as either investment property or inventory is an entity-specific choice based on the specific fact pattern of the entity. The Board noted that requiring investment property to remain within investment property after its initial classification is consistent with other changes of use for investment property, such as the treatment of investment property under construction and investment property that is redeveloped for continued use as investment property.

B66C The Board concluded that continuing to measure the property using the measurement model previously selected in accordance with IAS 40 provided the most relevant information. In addition, the Board concluded that providing disclosures similar to the disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* gave comparable information about the intended sale of investment property whether or not further development was required before sale.

Appendix A

IFRS 7 *Financial Instruments: Disclosures*

A1. In IFRS 7 paragraph 44B is amended (new text is underlined). Paragraph 44H is added:

44B IFRS 3 (as revised in 2008) deleted paragraph 3(c). An entity shall apply that amendment prospectively[1] for annual periods beginning on or after 1 July 2009. If an entity applies IFRS 3 (revised 2008) for an earlier period, the amendment shall also be applied for that earlier period. The amendment does not apply to contingent consideration that arose from a business combination whose acquisition date preceded the application of IFRS 3 (as revised in 2008). Such contingent consideration is accounted for in accordance with the requirements in paragraphs 32-35 of IFRS 3 (as issued in 2004

44H Paragraph 44B was amended by *Improvements to IFRSs* issued in [*date*]. An entity shall apply that amendment for annual periods beginning on or after 1 July 2010. Earlier application is permitted. If an entity applies this amendment before 1 July 2010 it shall disclose that fact.

IAS 32 *Financial Instruments: Presentation*

A2. In IAS 32 paragraph 97B is amended (new text is underlined). Paragraph 97E is added.

97B IFRS 3 (as revised in 2008) deleted paragraph 4(c). An entity shall apply that amendment prospectively[1] for annual periods beginning on or after 1 July 2009. If an entity applies IFRS 3 (revised 2008) for an earlier period, the amendment shall also be applied for that earlier period. The amendment does not apply to contingent consideration that arose from a business combination whose acquisition date preceded the application of IFRS 3 (as revised in 2008). Such contingent consideration is accounted for in accordance with the requirements in paragraphs 32-35 of IFRS 3 (as issued in 2004).

97E Paragraph 97B was amended by Improvements to IFRSs issued in [date]. An entity shall apply that amendment for annual periods beginning on or after 1 July 2010. Earlier application is permitted. If an entity applies this amendment before 1 July 2010 it shall disclose that fact.

IAS 39 *Financial Instruments: Recognition and Measurement*

Paragraph 103D is amended (new text is underlined). Paragraph 103J is added. .

103D IFRS 3 (as revised in 2008) deleted paragraph 2(f). An entity shall apply that amendment prospectively[1] for annual periods beginning on or after 1 July 2009. If an entity applies IFRS 3 (revised 2008) for an earlier period, the amendment shall also be applied for that earlier period. The amendment does not apply to contingent consideration that arose from a business combination whose acquisition date preceded the application of IFRS 3 (as revised in 2008). Such contingent consideration is accounted for in accordance with the requirements in paragraphs 32-35 of IFRS 3 (as issued in 2004).

103J Paragraphs 103D [and 103E] were amended by *Improvements to IFRSs* issued in [*date*]. An entity shall apply those amendments for annual periods beginning on or after 1 July 2010. Earlier application is permitted. If an entity applies those amendments before 1 July 2010 it shall disclose that fact.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of the proposed amendment.

BC1 Paragraph 2(f) of IAS 39 exempted contingent consideration arrangements from the scope of IAS 39. To allow the acquirer to account for contingent consideration as required by the revised IFRS 3 *Business Combinations*, the Board deleted that scope exception in phase II of its project on business combinations.

BC2 The deletion of the scope exception applies to all contingent consideration including contingent consideration from business combinations with an acquisition date earlier than the application date of the revised IFRS 3. The Board noted that this consequence is inconsistent with the requirement in paragraph 65 of IFRS 3 that assets and liabilities that arose from business combinations whose acquisition dates preceded the application of the revised IFRS are not adjusted upon application of the revised IFRS.

BC3 Therefore, the Board proposes to amend paragraph 103D of IAS 39 to clarify that the requirements in IAS 39 do not apply to contingent consideration that arose from a business combination whose acquisition date preceded the application of the revised IFRS 3. Rather, an entity accounts for such contingent consideration in accordance with the requirements in paragraphs 32-35 of IFRS 3 (as issued in 2004. The Board does not believe that the proposed amendments will affect the convergence of IFRS 3 *Business Combinations* and SFAS 141(R) *Business Combinations*.

[1] The amendment is made in relation to the agenda paper 13A –Consequential Amendments

Appendix A – Proposed amendments to IFRS 5

Paragraph 8A is amended (newly added text is underlined).

8A An entity that is committed to a sale plan involving loss of control of a subsidiary or loss of significant influence of an associate or joint control of a jointly controlled entity shall classify all the assets and liabilities of that subsidiary or all the interests in an associate or a jointly controlled entity as held for sale when the criteria set out in paragraphs 6-8 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary or an interest in the former associate or jointly controlled entity after the sale.

[redacted]

Proposed amendments to IFRIC 13 *Customer Loyalty Programmes*

Paragraph 10A is added. Paragraphs AG2 and IE1 are amended (new text is underlined and deleted text is struck through). Paragraphs IE2-IE5 are not proposed for amendment but are included here for ease of reference.

Effective date and transition

10A An entity shall apply the amendments in paragraph AG2 for annual periods beginning on or after [date to be determined]. Earlier application is permitted. If an entity applies the amendments for a period beginning before 1 July 2009, it shall disclose that fact.

Appendix – Application guidance

Measuring the fair value of award credits

AG2 An entity may estimate the fair value of award credits by reference to the ~~fair~~ value of the awards for which they could be redeemed. The fair value of ~~these awards would be reduced to take~~the award credits takes into account:

(a) the fair value of awards that would be offered to customers who have not earned award credits from an initial sale; and

(b) the proportion of award credits that are not expected to be redeemed by customers.

If customers can choose from a range of different awards, the fair value of the award credits will reflect the fair values of the range of available awards, weighted in proportion to the frequency with which each award is expected to be selected.

Illustrative examples

Example 1—Awards supplied by the entity

IE1 A grocery retailer operates a customer loyalty programme. It grants programme members loyalty points when they spend a specified amount on groceries. Programme members can redeem the points for further groceries. The points have no expiry date. In one period, the entity grants 100 points. Management estimates that each loyalty point can be redeemed for 1.25 currency units (CU1.25). Management expects only 80 of these points to be redeemed. Therefore, the fair value of each point is CU1, being the value of each loyalty point granted of CU1.25 reduced to take into account points not expected to be redeemed ((80 points/100 points) x CU1.25 = CU1). Accordingly, m~~M~~anagement ~~estimates the fair value of each loyalty point to be one currency unit (CU1), and~~ defers revenue of CU100.

Year 1

IE2 At the end of the first year, 40 of the points have been redeemed in exchange for groceries, ie half of those expected to be redeemed. The entity recognises revenue of (40 points/80* points) × CU100 = CU50.

Year 2

IE3 In the second year, management revises its expectations. It now expects 90 points to be redeemed altogether.

IE4 During the second year, 41 points are redeemed, bringing the total number redeemed to 40† + 41 = 81 points. The cumulative revenue that the entity recognises is (81 points/90§ points) × CU100 = CU90. The entity has recognised revenue of CU50 in the first year, so it recognises CU40 in the second year.

Year 3

IE5 In the third year, a further nine points are redeemed, taking the total number of points redeemed to 81 + 9 = 90. Management continues to expect that only 90 points will ever be redeemed, ie that no more points will be redeemed after the third year. So the cumulative revenue to date is (90 points/90ø points) × CU100 = CU100. The entity has already recognised CU90 of revenue (CU50 in the first year and CU40 in the second year). So it recognises the remaining CU10 in the third year. All of the revenue initially deferred has now been recognised.

* total number of points to be redeemed

† number of points redeemed in year 1

§ revised estimate of total number of points expected to be redeemed

ø total number of points still expected to be redeemed.

Basis for Conclusions on proposed amendments to IFRIC 13 *Customer Loyalty Programmes*

This Basis for Conclusions accompanies, but is not part of, the proposed amendment.

Measuring the fair value of award credits

BC1 The Board was made aware that paragraph AG2 could be interpreted to mean that the fair value of redemption awards is equal to the fair value of award credits because the term 'fair value' is used to refer to both the value of the award credits and the value of the awards for which the credits could be redeemed. To address this, the Board decided to amend paragraph AG2 and Example 1 in the Illustrative Examples to clarify that, when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the value of the awards for which they could be redeemed must be adjusted to reflect expected forfeitures.