

Mandatory Effective Date of NZ IFRS 9 and Transition Disclosures

(Amendments to NZ IFRS 9 (2009),
NZ IFRS 9 (2010) and NZ IFRS 7)

MANDATORY EFFECTIVE DATE OF NZ IFRS 9 AND TRANSITION DISCLOSURES
(AMENDMENTS TO NZ IFRS 9 (2009), NZ IFRS 9 (2010) AND NZ IFRS 7—FEBRUARY 2012)

*Mandatory Effective Date of NZ IFRS 9
and Transition Disclosures*

**AMENDMENTS TO NZ IFRS 9 *FINANCIAL INSTRUMENTS* (2009)
AND NZ IFRS 9 *FINANCIAL INSTRUMENTS* (2010)**

**AMENDMENTS TO NZ IFRS 7
*FINANCIAL INSTRUMENTS: DISCLOSURES***

**AMENDMENTS TO THE IMPLEMENTATION GUIDANCE OF IFRS 9
FINANCIAL INSTRUMENTS (2010)**

AMENDMENTS TO THE BASES FOR CONCLUSIONS OF IFRS 9 *FINANCIAL INSTRUMENTS* (2009) AND IFRS 9 *FINANCIAL INSTRUMENTS* (2010)

DISSENTING OPINION OF PATRICIA MCCONNELL

Amendments to IFRS 9 *Financial Instruments* (2009) and IFRS 9 *Financial Instruments* (2010)

In the Introduction, paragraph IN11 of IFRS 9 (2010) [IN16 of IFRS 9 (2009)] is added.
Existing IN 11 in NZ IFRS 9 (2010) becomes IN 12
The insertion of IN 16 becomes IN 14 in NZ IFRS 9 (2009) and the paragraphs IN 14 to IN 17 are renumbered to IN 15 to IN 18

Effective date and transition

- IN12 *Mandatory Effective Date of NZ IFRS 9 and Transition Disclosures* (Amendments to NZ IFRS 9 (2009), NZ IFRS 9 (2010) and NZ IFRS 7), issued in February 2012, amended the effective date of NZ IFRS 9 (2009) and NZ IFRS 9 (2010) so that NZ IFRS 9 is required to be applied for annual periods beginning on or after 1 January 2015. Early application is permitted. The amendments also modified the relief from restating prior periods. The NZASB has published amendments to NZ IFRS 7 to require additional disclosures on transition from NZ IAS 39 to NZ IFRS 9. Entities that initially apply NZ IFRS 9 in periods:
- beginning before 1 January 2012 need not restate prior periods and are not required to provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7;
 - beginning on or after 1 January 2012 and before 1 January 2013 must elect either to provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7 or to restate prior periods; and
 - beginning on or after 1 January 2013 shall provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7. The entity need not restate prior periods.

Paragraphs 8.1.1 and 8.2.12 of NZ IFRS 9 (2009) are amended (deleted text is struck through and new text is underlined).

8.1 Effective date

- 8.1.1 An entity shall apply this NZ IFRS for annual periods beginning on or after 1 January 2013~~5~~. Earlier application is permitted. If an entity applies this NZ IFRS in its financial statements for a period beginning before 1 January 2013~~5~~, it shall disclose that fact and at the same time apply the amendments in Appendix C.

8.2 Transition

- 8.2.12 Despite the requirement in paragraph 8.2.1, an entity that adopts this NZ IFRS for reporting periods:
- ~~beginning before 1 January 2012 need not restate prior periods; and is not required to provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7;~~
 - ~~beginning on or after 1 January 2012 and before 1 January 2013 shall elect either to provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7 or to restate prior periods; and~~
 - ~~beginning on or after 1 January 2013 shall provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7. The entity need not restate prior periods.~~

If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application.

Paragraphs 7.1.1, 7.2.10, 7.2.14 and 7.3.2 of NZ IFRS 9 (2010) are amended (deleted text is struck through and new text is underlined).

7.1 Effective date

- 7.1.1 An entity shall apply this NZ IFRS for annual periods beginning on or after 1 January 2013~~5~~. Earlier application is permitted. However, if an entity elects to apply this NZ IFRS early and has not already applied NZ IFRS 9 issued in 2009, it must apply all of the requirements in this NZ IFRS at the same time (but see also paragraph 7.3.2). If an entity applies this NZ IFRS in its financial statements for a period beginning before 1 January 2013~~5~~, it shall disclose that fact and at the same time apply the amendments in Appendix C.

7.2 Transition

- 7.2.10 If it is impracticable (as defined in NZ IAS 8) for an entity to apply retrospectively the effective interest method or the impairment requirements in paragraphs 58–65 and AG84–AG93 of NZ IAS 39, the entity shall treat the fair value of the financial asset or financial liability at the end of each comparative period presented as its amortised cost if the entity restates prior periods. ~~In those circumstances~~ If it is impracticable (as defined in NZ IAS 8) for an entity to apply retrospectively the effective interest method or the impairment requirements in paragraphs 58–65 and AG84–AG93 of NZ IAS 39, the fair value of the financial asset or financial liability at the date of initial application shall be treated as the new amortised cost of that financial asset or financial liability at the date of initial application of this NZ IFRS.

7.2.14 Despite the requirement in paragraph 7.2.1, an entity that adopts the classification and measurement requirements of this NZ IFRS for reporting periods;

(a) beginning before 1 January 2012 need not restate prior periods- and is not required to provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7;

(b) beginning on or after 1 January 2012 and before 1 January 2013 shall elect either to provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7 or to restate prior periods; and

(c) beginning on or after 1 January 2013 shall provide the disclosures set out in paragraphs 44S–44W of NZ IFRS 7. The entity need not restate prior periods.

If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application.

7.3 Withdrawal of NZ IFRIC 9 and NZ IFRS 9 (2009)

7.3.2 This NZ IFRS supersedes NZ IFRS 9 issued in 2009. However, for annual periods beginning before 1 January 2013~~5~~, an entity may elect to apply NZ IFRS 9 issued in 2009 instead of applying this NZ IFRS.

Amendments to NZ IFRS 7 *Financial Instruments: Disclosures*

Paragraph 44I of NZ IFRS 7 is amended.

- 44I When an entity first applies NZ IFRS 9, it shall disclose for each class of financial assets and financial liabilities at the date of initial application:
- (a) the original measurement category and carrying amount determined in accordance with NZ IAS 39;
 - (b) the new measurement category and carrying amount determined in accordance with NZ IFRS 9;
 - (c) the amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss but are no longer so designated, distinguishing between those that NZ IFRS 9 requires an entity to reclassify and those that an entity elects to reclassify.

An entity shall present these quantitative disclosures in tabular format unless another format is more appropriate.

Paragraphs 44S–44W of NZ IFRS 7 are added.

- 44S When an entity first applies the classification and measurement requirements of NZ IFRS 9, it shall present the disclosures set out in paragraphs 44T–44W of this NZ IFRS if it elects to, or is required to, provide these disclosures in accordance with NZ IFRS 9 (see paragraph 8.2.12 of NZ IFRS 9 (2009) and paragraph 7.2.14 of NZ IFRS 9 (2010)).

- 44T If required by paragraph 44S, at the date of initial application of NZ IFRS 9 an entity shall disclose the changes in the classifications of financial assets and financial liabilities, showing separately:

- (a) the changes in the carrying amounts on the basis of their measurement categories in accordance with NZ IAS 39 (ie not resulting from a change in measurement attribute on transition to NZ IFRS 9); and
- (b) the changes in the carrying amounts arising from a change in measurement attribute on transition to NZ IFRS 9.

The disclosures in this paragraph need not be made after the annual period in which NZ IFRS 9 is initially applied.

- 44U In the reporting period in which NZ IFRS 9 is initially applied, an entity shall disclose the following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost as a result of the transition to NZ IFRS 9:

- (a) the fair value of the financial assets or financial liabilities at the end of the reporting period;
- (b) the fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets or financial liabilities had not been reclassified;
- (c) the effective interest rate determined on the date of reclassification; and
- (d) the interest income or expense recognised.

If an entity treats the fair value of a financial asset or a financial liability as its amortised cost at the date of initial application (see paragraph 8.2.10 of NZ IFRS 9 (2009) and paragraph 7.2.10 of NZ IFRS 9 (2010)), the disclosures in (c) and (d) of this paragraph shall be made for each reporting period following reclassification until derecognition. Otherwise, the disclosures in this paragraph need not be made after the reporting period containing the date of initial application.

- 44V If an entity presents the disclosures set out in paragraphs 44S–44U at the date of initial application of NZ IFRS 9, those disclosures, and the disclosures in paragraph 28 of NZ IAS 8 during the reporting period containing the date of initial application, must permit reconciliation between:

- (a) the measurement categories in accordance with NZ IAS 39 and NZ IFRS 9; and
- (b) the line items presented in the statements of financial position.

- 44W If an entity presents the disclosures set out in paragraphs 44S–44U at the date of initial application of NZ IFRS 9, those disclosures, and the disclosures in paragraph 25 of this NZ IFRS at the date of initial application, must permit reconciliation between:

- (a) of the measurement categories presented in accordance with NZ IAS 39 and NZ IFRS 9; and
- (b) the class of financial instrument at the date of initial application.