

Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*

In the Standard, paragraph 107A is added.

Effective Date and Transition

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107A. Notwithstanding paragraph 104, an entity may apply the requirements in the last sentence of paragraph AG76, and paragraph AG76A, in either of the following ways:

- (a) prospectively to transactions entered into after 25 October 2002; or
- (b) prospectively to transactions entered into after 1 January 2004.

In Appendix A, Application Guidance, paragraph AG76A is added.

Application Guidance

Measurement (paragraphs 43-70)

No Active Market: Valuation Technique

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AG76A. The subsequent measurement of the financial asset or financial liability and the subsequent recognition of gains and losses shall be consistent with the requirements of this Standard. The application of paragraph AG76 may result in no gain or loss being recognised on the initial recognition of a financial asset or financial liability. In such a case, IAS 39 requires that a gain or loss shall be recognised after initial recognition only to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price.

Appendix

Amendments to IFRS 1

The amendments in this appendix shall be applied for annual periods beginning on or after 1 January 2005. If an entity applies IFRS 1 for an earlier period, these amendments shall be applied for that earlier period.

- A1. IFRS 1 *First-time Adoption of International Financial Reporting Standards* is amended as described below.

In paragraph 13, subparagraphs (j) and (k) are amended, and subparagraph (l) inserted, as follows:

- (j) decommissioning liabilities included in the cost of property, plant and equipment (paragraph 25E);
- (k) leases (paragraph 25F); and
- (l) fair value measurement of financial assets or financial liabilities at initial recognition (paragraph 25G).

After paragraph 25F a new heading and paragraph 25G are inserted as follows:

Fair value measurement of financial assets or financial liabilities

25G Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of IAS 39 paragraph AG76, and paragraph AG76A, in either of the following ways:

- (a) prospectively to transactions entered into after 25 October 2002; or
- (b) prospectively to transactions entered into after 1 January 2004.