
**STATUTORY BOARD
FINANCIAL
REPORTING STANDARD**

SB-FRS 101

**Severe Hyperinflation
and Removal of Fixed Dates for
First-time Adopters**

(Amendments to SB-FRS 101)

Amendments to SB-FRS 101 *First-time Adoption of Financial Reporting Standards*

After paragraph 31B a heading and paragraph 31C are added.

Presentation and disclosure

Explanation of transition to SB-FRSs

Use of deemed cost after severe hyperinflation

31C If an entity elects to measure assets and liabilities at fair value and to use that fair value as the deemed cost in its opening SB-FRS statement of financial position because of severe hyperinflation (see paragraphs D26–D30), the entity's first SB-FRS financial statements shall disclose an explanation of how, and why, the entity had, and then ceased to have, a functional currency that has both of the following characteristics:

- (a) a reliable general price index is not available to all entities with transactions and balances in the currency.
- (b) exchangeability between the currency and a relatively stable foreign currency does not exist.

Appendix B

Exceptions to the retrospective application of other SB-FRSs

Paragraph B2 is amended.

Derecognition of financial assets and financial liabilities

B2 Except as permitted by paragraph B3, a first-time adopter shall apply the derecognition requirements in SB-FRS 39 *Financial Instruments: Recognition and Measurement* prospectively for transactions occurring on or after the date of transition to SB-FRSs. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to SB-FRSs, it shall not recognise those assets and liabilities in accordance with SB-FRSs (unless they qualify for recognition as a result of a later transaction or event).

Appendix D

Exemptions from other SB-FRSs

Paragraphs D1 and D20 are amended.

D1 An entity may elect to use one or more of the following exemptions:

- (a) ...
- (o) transfers of assets from customers (paragraph D24);
- (p) extinguishing financial liabilities with equity instruments (paragraph D25); and

- (q) severe hyperinflation (paragraphs D26–D30).

An entity shall not apply these exemptions by analogy to other items.

Fair value measurement of financial assets or financial liabilities at initial recognition

- D20 Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of FRS 39 paragraph AG76 and in paragraph AG76A prospectively to transactions entered into on or after the date of transition to FRSs.

A heading and paragraphs D26–D30 are added.

Severe hyperinflation

- D26 If an entity has a functional currency that was, or is, the currency of a hyperinflationary economy, it shall determine whether it was subject to severe hyperinflation before the date of transition to SB-FRSs. This applies to entities that are adopting SB-FRSs for the first time, as well as entities that have previously applied SB-FRSs.
- D27 The currency of a hyperinflationary economy is subject to severe hyperinflation if it has both of the following characteristics:
- (a) a reliable general price index is not available to all entities with transactions and balances in the currency.
 - (b) exchangeability between the currency and a relatively stable foreign currency does not exist.
- D28 The functional currency of an entity ceases to be subject to severe hyperinflation on the functional currency normalisation date. That is the date when the functional currency no longer has either, or both, of the characteristics in paragraph D27, or when there is a change in the entity's functional currency to a currency that is not subject to severe hyperinflation.
- D29 When an entity's date of transition to SB-FRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to SB-FRSs. The entity may use that fair value as the deemed cost of those assets and liabilities in the opening SB-FRS statement of financial position.
- D30 When the functional currency normalisation date falls within a 12-month comparative period, the comparative period may be less than 12 months, provided that a complete set of financial statements (as required by paragraph 10 of SB-FRS 1) is provided for that shorter period.

Effective date

Paragraph 39H is added.

- 39H *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (Amendments to SB-FRS 101), issued in December 2010, amended paragraphs B2, D1 and D20 and added paragraphs 31C and D26–D30. An entity shall apply those amendments for annual periods beginning on or after 1 July 2011. Earlier application is permitted.