

## **Amendment to SB-FRS 39**

### ***Financial Instruments: Recognition and Measurement***

Transition and Initial Recognition of Financial Assets and Financial Liabilities

This document is issued as a reference. The amendments in this document have been incorporated into SB-FRS 39.

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## **Amendments to SB-FRS 39 *Financial Instruments: Recognition and Measurement***

This document sets out amendments to SB-FRS 39 *Financial Instruments: Recognition and Measurement* (SB-FRS 39) as amended up to March 2005. The amendments finalise proposals that were contained in an Exposure Draft of Proposed Amendments to SB-FRS 39—*Transition and Initial Recognition of Financial Assets and Financial Liabilities* published in July 2004. The Appendix sets out amendments to SB-FRS 101 *First-time Adoption of Statutory Board Financial Reporting Standards*.

Entities shall apply the amendments set out in this document for annual periods beginning on or after 1 January 2005. An entity shall apply the amendments to an earlier period when it applies SB-FRS 39 and SB-FRS 32 *Financial Instruments: Disclosure and Presentation* (both as amended up to March 2005) to that period.

In the Standard, paragraph 107A is added and paragraphs 103B and 109 have been renumbered as paragraphs 106A and 106B respectively.

### **Effective Date and Transition**

...

- 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**

...

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, SB-FRS 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 SB-FRS 101

*The amendments in this appendix shall be applied for annual periods beginning on or after 1 January 2005. If an entity applies SB-FRS 101 for an earlier period, these amendments shall be applied for that earlier period.*

- A1. SB-FRS 101 *First-time Adoption of Statutory Board Financial Reporting Standards* is amended as described below.

In paragraph 13, subparagraphs (i) and (j) are amended, and subparagraph (k) inserted, as follows (new text is underlined and deleted text is struck through):

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

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

#### **Fair value measurement of financial assets or financial liabilities**

- 25F Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of SB-FRS 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.