

## **IASB proposes policy for technical corrections**

The IASB is proposing a 'fast track' process to deal with those changes to standards that are labelled as 'technical corrections'. The process will apply to issues for which it is clear that the words in a standard do not properly convey the IASB's intention, even when considered with the basis for conclusions and any related guidance.

The process does *not* apply to editorial corrections, which are those that (a) correct or amend words in a standard, without changing the meaning of the words or the practical application of those words, or (b) correct errors in words or numbers in a standard. Editorial changes are usually to correct spelling, transposition of numbers, or incorrect references to paragraphs in standards.

The proposed policy is set out below, and is also available on the IASB Website. The IASB invites comments on the proposal, which should be submitted in writing so as to be received by 30 September 2005. Comments should preferably be sent by email to [CommentLetters@iasb.org](mailto:CommentLetters@iasb.org) or addressed to

Technical Corrections Comments  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

If commentators respond by fax or email, it would be helpful if they could also send a hard copy of their response by post. All responses will be put on the public record unless the respondent requests confidentiality. However, such requests will not normally be granted unless supported by good reason, such as commercial confidence.

### **IASB [PROPOSED] POLICY ON TECHNICAL CORRECTIONS**

#### **The types of issue that a technical correction addresses**

1. A technical correction addresses an issue for which it is clear that the words in a standard do not properly convey the Board's intention, even when considered with the basis for conclusions and any related guidance. A technical correction may also address unexpected consequences of a standard that the Board would have corrected, had it been aware of them when the standard was issued.
2. Therefore, technical corrections are not:
  - consequential amendments arising from other projects.
  - issues that the IFRIC could resolve by interpretation of existing standards.

- editorial corrections.<sup>1</sup>
3. Given their nature, technical corrections are generally urgent. They include issues identified before the effective date of a standard that require a quick response to ensure that, at the effective date, the standard is implemented as the Board intended.<sup>2</sup>

### **Initial identification of technical corrections**

4. When an issue is submitted for consideration by the Board or the IFRIC, the IASB staff, in consultation with the Director of Technical Activities and the IFRIC Co-ordinator, decide whether the issue is a technical correction, should be considered by the IFRIC for interpretation, or should be addressed as part of an active IASB project. If it is clear that the issue is a technical correction,<sup>3</sup> the staff take the proposed amendment directly to the Board for consideration.
5. In all other cases, the staff take the issue to the IFRIC Agenda Committee to be assessed for addition to the IFRIC agenda.<sup>4</sup> The IFRIC has a responsibility to inform the Board of issues for which it thinks an existing standard should be modified. If the IFRIC Agenda Committee decides that the issue is not one that the IFRIC could resolve by interpretation of existing standards, but requires a change to a standard that is, in its view, a technical correction, the staff take the issue to the Board for its consideration.

### **Technical corrections due process**

6. The process for addressing technical corrections is as follows:

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<sup>1</sup> Editorial corrections are those that (a) correct or amend words in a standard, without changing the meaning of the words or the practical application of those words, or (b) correct errors in words or numbers in a standard.

<sup>2</sup> An example of a technical correction is the 'day 1 profits' issue addressed in the Amendment to IAS 39 Financial Instruments: Recognition and Measurement—*Transition and Initial Recognition of Financial Assets and Financial Liabilities* issued in December 2004. The amendment was issued before the effective date of 1 January 2005 in response to concerns raised by constituents that the 'day 1' gain or loss recognition requirements of IAS 39 would diverge from US GAAP. The Board's intention when developing the recognition requirements was not only to improve IAS 39, but also to converge with US GAAP.

<sup>3</sup> For example, the Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IFRS 6 *Exploration for and Evaluation of Mineral Resources* issued in June 2005. In this case it was clear that the words in IFRS 1 did not convey the Board's intentions with respect to transition for first-time adopters of IFRS 6. The amendment to IFRS 1 was reflected in an amendment to the Basis for Conclusions on IFRS 6.

<sup>4</sup> The Committee's process for assessing issues is described in the IFRIC Preface.

- The IASB staff identify the issue and, if required, take it to the IFRIC Agenda Committee for assessment as described in paragraph 5.
- The IASB staff develop a proposed amendment.
- The Board discusses the issue at its next meeting and decides on its response (eg an amendment to a standard).
- The Board publishes the proposed amendment on the IASB Website and in *IASB Update*, and sets a deadline of 30 days for comments to be received. Each proposed amendment is titled as ‘Technical Correction 1’ (TC1), ‘Technical Correction 2’ (TC2) etc, rather than as an exposure draft.
- The IASB staff analyse the comments received and the Board redeliberates the issue at a Board meeting.
- The Board issues the amendment to the standard. In general, amendments that are technical corrections are effective on issue and are to be applied retrospectively.

All documents are published in electronic format only, with the exception of *IASB Update*.

## APPENDIX

### Process for publication of technical corrections to standards

