

Framework: Consistent Assumptions

Extract, IFRS Discussion Group Report on Meeting – March 4, 2010

The IASB's *Framework for the Preparation and Presentation of Financial Statements* calls for consistency and neutrality, among other things, when measuring and displaying financial information. The members discussed examples of when entities may have been internally inconsistent or overly conservative when making assumptions under Canadian GAAP.

The members noted that preparers are bound by the requirements of individual standards on different topics when making assumptions. At the same time, the members discussed the possibility that, in some cases, an existing internal inconsistency in assumptions might be sufficient to support a conclusion that a financial statement error requiring correction had occurred.

The members recommended that no request be made to the IFRIC on this issue because IFRS requirements on assumptions are clear. However, the members thought Canadian entities should be aware of this issue as they prepare to move to IFRSs. First-time adopters might need to be reminded that, in the event an entity corrects errors made under Canadian GAAP, IFRS 1 requires these error corrections to be identified separately from changes in accounting policies.