

IFRS 1: Meaning of “Presented”

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

IFRS 1 *First-time Adoption of International Financial Reporting Standards* requires an entity to provide reconciliations to explain how its transition from a previous GAAP to IFRSs affected its reported financial statements. At its November 2009 meeting, the members considered what would qualify as previously “presented” financial statements in applying paragraph 28 of IFRS 1. The members held divergent views regarding whether “presented” refers to financial statements that were *provided* to one or more external users or simply that GAAP financial statements were *prepared*.

After consulting with some practitioners, national standard setters and regulators in other jurisdictions, the members learned that, in many jurisdictions, entities provided the reconciliations. Some of those consulted also held divergent views as to whether “presented” refers to financial statements that were provided to, or were prepared for, external users.

As noted above, the primary purpose of the IFRS 1 reconciliations is to explain how an entity’s transition from a previous GAAP to IFRSs affected its reported financial statements. Consequently, the members expected that the reconciliations would be provided in almost all circumstances. However, some of the members also observed that, in limited circumstances, the reconciliations may not provide decision-useful information to users of the IFRS financial statements. An entity could judge whether the reconciliations would be useful in their circumstances. The members recommended that this issue not be brought forward to the International Financial Reporting Interpretations Committee¹ (IFRIC) because this issue does not appear to be resulting in significant diversity in practice.

¹ Renamed the International Interpretations Committee as of March 1, 2010