

IFRS 1: Change in Date of Transition to IFRSs

Excerpt, IFRS Discussion Group Report on Meeting – January 12, 2012

In some cases, subsequent to the distribution of its first IFRS interim or annual financial statements, an entity may determine that for securities regulatory or other reasons there is a requirement for IFRS financial statements to be provided for periods prior to its date of transition to IFRSs. The issue considered by the Group was whether an entity can change its date of transition to IFRSs after filing its first interim IFRS financial statements or after filing its first annual IFRS financial statements.

Fact Pattern:

- In May 2011, a Canadian public company files its first interim financial statements reflecting the date of transition to IFRSs of January 1, 2010.
- The company is considering filing a prospectus in a foreign jurisdiction either in June 2011 or April 2012.
- The foreign regulator requires the company to provide two years of comparative figures under IFRSs (i.e., for the periods ending December 31, 2010 and 2009).
- If the Company decides to wait until April 2012 to file the foreign prospectus, the company expects to file its first annual IFRS financial statements reflecting the date of transition to IFRSs of January 1, 2010 in March 2012.

In this fact pattern, can the company change its date of transition to IFRSs from January 1, 2010 to January 1, 2009 to provide an additional year of comparative figures under IFRSs if it decides to pursue the foreign filing in:

- June 2011, prior to publishing its first annual IFRS financial statements; or
- April 2012, after publishing its first annual IFRS financial statements?

The Group's Discussion

If the company pursues the foreign filing prior to publishing its first annual IFRS financial statements, Group members observed that IFRS 1 *First-time Adoption of International Financial Reporting Standards* would allow the company to change its date of transition to IFRSs but noted complications may arise (for example, needing to refile interim financial statements). However, if the company in the above fact pattern pursues the foreign filing in April 2012, Group members noted that IFRS 1 does not allow the company to change its date of transition after publishing its first annual IFRS financial statements.

Some Group members observed that entities who have experienced this issue had sought to identify alternative solutions through communications with the applicable foreign regulator. In those instances, early discussions with the foreign regulator were key to achieving some form of resolution. Group members also noted that private enterprises considering an initial public offering in Canada should plan their transition to IFRSs to meet regulatory requirements and would need to seek exemptive relief if unable to do so.

The Group concluded that this issue should not be brought to the attention of the IFRS Interpretations Committee because significantly divergent interpretations are not expected to emerge in practice.