
Project	Agenda decisions
Topic	IFRS 1 <i>First-time Adoption</i> - Repeat Application of IFRS 1

Background

1. In July 2010 the IFRS Interpretations Committee (Interpretations Committee) published a tentative agenda decision not to add an item to its agenda to clarify whether an entity can apply IFRS 1 *First-time Adoption of International Financial Reporting Standards* more than once.
2. The Interpretations Committee concluded that the agenda criteria were not met, because an entity is required to apply IFRS 1 for a second time in the circumstances described in the request.
3. However, the Interpretations Committee observed that the scope of IFRS 1 should be made clearer, and recommended that the Board should clarify the guidance relating to the repeat application of IFRS 1 as part of *Annual Improvements*.
4. Two comment letters¹ were received. These comment letters agreed with the tentative decision made by the Interpretations Committee and its reasons, and supported the Interpretations Committee's recommendation that the Board should clarify the guidance relating to the issue as part of *Annual Improvements*.
5. As a result, the staff do not recommend any changes to the tentative decision.

¹ Deloitte Touche Tohmatsu and Canadian Accounting Standards Board (AcSB)

This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IFRS Interpretations Committee.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRS Interpretations Committee or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination.

Decisions made by the IFRS Interpretations Committee are reported in *IFRIC Update*.

Interpretations are published only after the IFRS Interpretations Committee and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

Staff recommendation and proposed wording of the final agenda decision

Does the Interpretations Committee agree with the staff recommendation to finalise the agenda decision?

Appendix A includes the staff 's proposed wording for the final agenda decision, which is unchanged from the published tentative agenda decision. Does the Committee agree with the proposed wording?

Appendix A – Proposed wording for Agenda decision

A1. The staff proposes the following wording as published in *IFRIC Update* for the final agenda decision (deleted text is struck through):

The Committee received a request identifying an entity that had previously reported in accordance with IFRSs to meet foreign listing requirements, and applied IFRS 1. However, the entity then delisted and no longer presents its financial statements in accordance with IFRSs, instead reporting only in accordance with its national GAAP. In a subsequent reporting period, the reporting requirements in the entity's local jurisdiction change from national GAAP to IFRSs, and the entity is again required to present its financial statements in accordance with IFRSs. The request asks the Committee to clarify how the entity should transition back to reporting in accordance with IFRSs, and specifically whether it can apply IFRS 1 for a second time.

The Committee observed that the scope of IFRS 1 requires an entity to apply the standard in its first IFRS financial statements. Paragraph 3 of IFRS 1 provides examples of when an entity's financial statements are considered its first IFRS financial statements. These examples are based upon assessing whether the entity's most recent previous financial statements were presented in accordance with IFRSs.

The Committee noted that an entity is required to apply IFRS 1 for a second time in the circumstances described. However, the Committee observed that the scope of IFRS 1 should be made clearer.

Consequently, the Committee {decided} not to add this issue to its agenda. However, the Committee {decided} to recommend that the Board should clarify the guidance relating to the repeat application of IFRS 1 as part of *Annual Improvements*.