



## Regional Policy Forum

Transition to IFRS – convergence approach

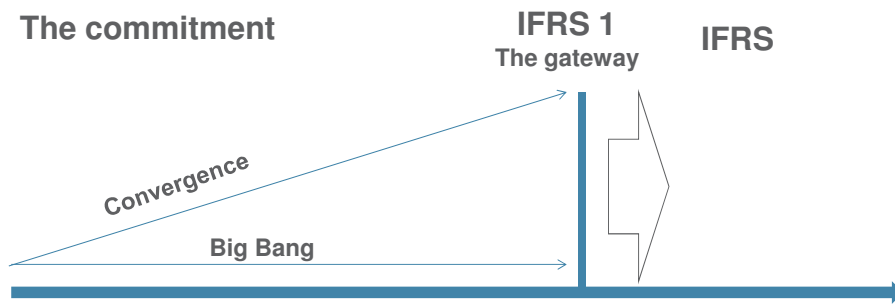
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## The path to IFRS

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## The commitment

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- **Convergence**

- Steady pathway
- Lowers the IFRS 1 hurdle
- Constant change
- The effect of the switch to IFRS is more difficult to assess

- **Big Bang**

- Clear point of focus
- Likely to be a shorter transition period
- More significant IFRS 1 hurdle
- The effect of individual changes is less clear

No matter which pathway you take, it should be increasingly easier to move to IFRS.

The investor and preparer knowledge base has increased



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## IFRS 1 *First Time Application of IFRS*

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- Establishes an internationally comparable starting point
- Presumption is that you pick up a 'Bound Volume' and prepare an opening position 'as if you had always applied' those IFRSs
  - There are many concessions
    - Hindsight
    - Impracticability
    - Cost-benefit



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## Applying IFRS

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- Endorsement
  - Any adaptation creates uncertainty
    - Labelling
    - Option removal
    - Additional disclosures
  - The endorsement lag is a factor
- The assertion is critical
  - Entities must be able to assert compliance with IFRS
  - That assertion needs to be clear



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## Thank you

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