

IFRS 1 *First-time Adoption of International Financial Reporting Standards* (May 2010)

Accounting for costs included in self-constructed assets on transition

The Committee received two requests concerning the application of IFRSs for an entity that capitalises certain costs, including actuarial gains and losses, as part of self-constructed assets, in accordance with its previous GAAP accounting policies. On transition to IFRSs, the entity changes its accounting policy for actuarial gains and losses and determines that they should no longer be capitalised. The requests ask whether the entity should adjust the carrying amount of self-constructed assets on transition to IFRSs and, if not, how the change in its actuarial gains and losses accounting policy should be reflected in the carrying amount of self-constructed assets in subsequent reporting periods.

The Committee noted that paragraph 7 of IFRS 1 requires an entity to use ‘the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements’. The Committee concluded that the issue is not currently widespread, although it may impact certain entities in jurisdictions transitioning to IFRS, and that there are not significantly divergent interpretations (either emerging or already existing in practice). Therefore, the Committee decided not to add this issue to its agenda.