



# IFRS NEWS

## REQUIRED ADJUSTMENTS IN FIRST-TIME ADOPTION OF IFRS<sub>s</sub> (IFRS 01)

*IFRS News – 05/2023*





## Issuance time:

IFRS 01 was first issued in June 2003 to replace *SIC-8 – First-time Application of IASs as the Primary Basis of Accounting* issued in April 2001. After some minor changes to the content, the current version of IFRS 01 was reissued by the IASB in May 2020 and applies if an entity's first IFRS financial statements are for a period beginning on, or after 1 January 2022.





## Objective:





Ensure that the first prepared financial statements under IFRSs and the interim financial statements for the periods of that financial year include the following information:

- Transparent to users and comparable between the periods presented;
- Provide an appropriate beginning time for accounting under IFRSs.

# REQUIRED ADJUSTMENTS IN FIRST-TIME ADOPTION OF IFRSs (IFRS 01)

Required adjustments	Content	Examples
<p>Recognition of some assets and liabilities in accordance with IFRSs</p>	<p>The entity is required to recognize assets and liabilities by IFRSs <b>if they were varianced with</b> Vietnamese Accounting Standards at the beginning of the period in the financial statements</p>	<p>According to IAS 16, the initial estimates cost of dismantling, removing the asset and restoring the site when purchasing the asset are recognized in the cost of the fixed asset while VAS 03 does not mention this recognition.</p>  <p style="text-align: center;">Dismantle, restore → Fixed assets</p>
<p>Derecognition of some assets and liabilities if IFRSs does not permit such recognition</p>	<p>The entity should <b>eliminate</b> previous-VAS assets and liabilities from the beginning of the period in the financial statements if they do not qualify for recognition under IFRSs</p>	<p>According to the Vietnamese accounting system, the pre-opening costs are recognized in prepayment and amortized up to 3 years. Otherwise, IFRSs does not permit this recognition, if the entity estimates the recovery period is short, it can be directly recognized as an expense in the period.</p>  <p style="text-align: center;">Expenses before establishment × Asset</p>

# REQUIRED ADJUSTMENTS IN FIRST-TIME ADOPTION OF IFRSs (IFRS 01)

Required adjustments	Content	Examples
<p>Reclassifying comparative figures of all items according to IFRSs</p>	<p>The entity should <b>reclassify</b> all items recognized and presented in accordance with Vietnamese Accounting Standards into the appropriate IFRS classification</p>	<p>With guidance on presenting the Income Statement under the VAS, financial income and financial expense are presented in operating profit. However, when presenting the Income Statement in accordance with IFRS practices, financial Income is presented separately and is not included in operating profit.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Classification</p> </div> <div style="text-align: center;">  <p>Expense finance</p> </div> <div style="text-align: center;">  </div> </div>
<p>Measurement</p>	<p>The entity is required to <b>revalue the value of assets</b> and liabilities in accordance with the effective IFRSs, except as described in paragraphs 13–19 and Appendices B–E of IFRS 01</p>	<p>According to IAS 36, the entity is required to assess whether there is any indication that an asset may be impaired. An impairment loss is recognized whenever recoverable amount is below carrying amount. Otherwise, Vietnamese accounting standards do not mention the impairment of assets.</p> <div style="text-align: center; margin-top: 20px;">  </div>

# CONTACT US

## Ho Chi Minh City

5<sup>th</sup> Floor, Sai Gon 3 Building  
140 Nguyen Van Thu Street  
Da Kao Ward, District 1  
Ho Chi Minh City, Vietnam

## Dang Xuan Canh Managing Partner

Head of Audit Services  
T: +84 28 3827 5026  
E: canh.dang@rsm.com.vn

## Ha Noi

25<sup>th</sup> Floor, Tower A, Discovery Complex  
302 Cau Giay Street, Dich Vong Ward  
Cau Giay District  
Hanoi, Vietnam

## Nguyen Thanh Lam Partner

Head of Hanoi Office  
T: +84 24 3795 5353  
E: lam.nguyen@rsm.com.vn

## Danang

5<sup>th</sup> Floor, Dai Thang Building  
264 Xo Viet Nghe Tinh Street  
Cam Le District  
Danang, Vietnam

## Nguyen Thi Gia Lai Director

Head of Danang Office  
T: +84 23 6730 0020  
E: lai.nguyen@rsm.com.vn



[facebook.com/RSMVietnam](https://facebook.com/RSMVietnam)



[linkedin.com/company/rsm-vietnam](https://linkedin.com/company/rsm-vietnam)

[rsm.global/vietnam](https://rsm.global/vietnam)

This newsletter is only intended for information about the new laws enacted, not for advice or applying to specific cases. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. RSM Vietnam as well as members in RSM network shall not be responsible for any loss whatsoever sustained by any person who relies on this communication. Please refer to your advisors for specific advice.

RSM Vietnam is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2023. All rights reserved.

