



Mazars in Vietnam Newsletter

How does IFRS adoption impact business?







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IFRS will impact many areas of your company's business beyond the accounting and finance departments.

Table 1 identifies the keyways in which the adoption of IFRS will have on the different areas of your business, both internally and externally.

To implement this transformation effectively, it's crucial to engage representatives from different departments to ensure a seamless transition.

 <p>Accounting & Finance</p>	<ul style="list-style-type: none"> ➤ Identification of key IFRS differences ➤ IFRS accounting policies review ➤ Convergence of current VAS policies with IFRS ➤ IFRS training ➤ Changes to reporting packages and consolidation processes
 <p>Marketing & Communications</p>	<ul style="list-style-type: none"> ➤ External IFRS communication plan for stakeholders and other users of financial statements ➤ Internal IFRS communication plan for employees and board members
 <p>Subsidiaries & Business units</p>	<ul style="list-style-type: none"> ➤ The need for IFRS impact assessments ➤ IFRS training ➤ IFRS reporting packages
 <p>Information Systems</p>	<ul style="list-style-type: none"> ➤ Impact of IFRS on overall systems ➤ Short-term versus long-term solutions review ➤ IFRS business user requirements and related data ➤ Systems changes and parallel runs
 <p>Internal audit & Risk management</p>	<ul style="list-style-type: none"> ➤ Impact of IFRS on business and risk management policies ➤ Control systems ➤ IFRS compliance tests ➤ Liaison with external auditors
 <p>Human Resources</p>	<ul style="list-style-type: none"> ➤ Recruitment of staff with IFRS experience ➤ Revisions to performance incentives ➤ IFRS training, change management and communication

The adoption of IFRS brings with it threats, but also presents opportunities.

The adoption of IFRS will certainly bring with it many opportunities for your business, however your business will also be presented with some threats. Table 2 identifies some of the main opportunities and threats, that organisations face when converting from VAS to IFRS.

Threats

Possible threats to your business include the following:

The introduction of IFRS will change the reported results and financial position of your business, potentially introduce greater volatility into reporting.

The perception of stakeholders and the market is likely to be affected by the changes in financial statements.

IFRS conversion is likely to place additional burdens on existing resources

IFRS may be more complex to apply on an ongoing basis, especially with strange transactions.

Many companies will be affected by the complexities of IFRS 9 – Financial instruments, IFRS 15 – Revenue from contracts with customers and IFRS 13 – Fair value.



Opportunities

Opportunities for your business include the following:

A common set of accounting principles will help the operations of multiple national companies by simplifying and enhancing the efficiency of cross-border transactions.

IFRS potentially better reflects the underlying economics of a transaction.

The single reporting regulations will facilitate greater access to the financial markets at a lower cost of capital.

IFRS provides a high-quality, global set of standards for monitoring financial performance. This should facilitate improved communications with analysts, investors, financial markets and other users of the financial statements.

The conversion process is an appropriate time to re-engineer information systems, internal management reporting and internal performance measures.

It is also an excellent opportunity to ensure financial information is obtained most effectively and efficiently.

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