



# Section 1500 - *First-time Adoption*

Effective Date  
Fiscal years beginning on or after January 1, 2011<sup>1</sup>

SCOPE		GENERAL REQUIREMENTS	
<ul style="list-style-type: none"> <li>Section 1500 applies to the first set of financial statements an entity prepares in accordance with ASPE.</li> <li>An enterprise that previously applied ASPE, but whose most recent annual financial statements were not prepared in accordance with ASPE may either apply this section or Section 1506, Accounting Changes as if they had never stopped applying ASPE.</li> </ul>		<ul style="list-style-type: none"> <li>Select ASPE accounting policies - using latest version of the standards that are currently effective at the reporting date of the entity's first financial statements prepared under ASPE.</li> <li>Recognize / derecognize assets and liabilities where necessary so as to comply with ASPE.</li> <li>Reclassify items that the entity recognized under previous accounting framework as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under ASPE.</li> <li>Remeasure all assets and liabilities recognized under ASPE.</li> <li>An opening ASPE Balance Sheet is prepared at the date of transition.</li> <li>The date of transition is the beginning of the earliest period for which an entity presents full comparative information under ASPE.</li> </ul>	
RECOGNITION AND MEASUREMENT			
OPTIONAL EXEMPTIONS	MANDATORY EXCEPTIONS	ACCOUNTING POLICIES	
<p>An entity may elect to use one or more of the following exemptions on adoption of ASPE:</p> <ul style="list-style-type: none"> <li>Business combinations;</li> <li>Subsidiaries;</li> <li>Assets and liabilities of subsidiaries and joint arrangements;</li> <li>Joint arrangements;</li> <li>Investments;</li> <li>Fair value;</li> <li>Agricultural inventories or productive biological assets</li> <li>Employee future benefits;</li> <li>Cumulative translation differences;</li> <li>Financial instruments;</li> <li>Share-based payment transactions;</li> <li>Asset retirement obligations;</li> <li>Related party transactions;</li> <li>Revenue; and</li> <li>Customer's accounting for cloud computing arrangements.</li> </ul>	<p>Section 1500 prohibits retrospective application in relation to the following:</p> <ul style="list-style-type: none"> <li>Derecognition of financial assets and financial liabilities;</li> <li>Hedge accounting;</li> <li>Estimates; and</li> <li>Non-controlling interests.</li> </ul>	<ul style="list-style-type: none"> <li>Use the same accounting policies in the opening ASPE balance sheet and throughout all periods presented in the first ASPE financial statements.</li> <li>Those accounting policies have to comply with each ASPE effective at the end of the first APSE reporting period.</li> <li>If accounting policies an entity uses in its opening ASPE balance sheet differ from those used for the same date under its previous accounting policy any resulting adjustments are recognized directly in retained earnings at the date of transition.</li> </ul>	
PRESENTATION AND DISCLOSURE			
<ul style="list-style-type: none"> <li>An entity's first set of ASPE financial statements are required to present three balance sheets.</li> <li>In the year of adoption of ASPE an entity must disclose: <ul style="list-style-type: none"> <li>The amount of each charge to retained earnings at the date of transition resulting from the adoption of ASPE and the reason therefor; and</li> <li>A reconciliation of the net income reported in the entity's most recent previously issued financial statements to its net income under ASPE for the same period.</li> </ul> </li> <li>The disclosures must provide sufficient detail to enable users to understand the material adjustments to the balance sheet, income statement and cash flow statement.</li> <li>All exemptions used by the entity must be disclosed.</li> </ul>			

<sup>1</sup> Except as specified in paragraph 1500.38.



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