

PSAB

At a Glance

Section PS 2125 - First-time
Adoption

Section PS 2125 - *First-time Adoption*

Effective Date
Fiscal years beginning on or after January 1, 2011

Scope	General requirements
<ul style="list-style-type: none"> Section PS 2125 applies to the first set of financial statements a government component, government organization or partnership prepares in accordance with Public Sector Accounting Standards (PSAS). 	<ul style="list-style-type: none"> Select PSAS accounting policies - using latest version of the standards that are currently effective at the reporting date of the government organization's first financial statements prepared under PSAS. Recognize / derecognize assets and liabilities where necessary so as to comply with PSAS. Reclassify items that the government organization recognized under its previous accounting framework as one type of asset or liability, but are a different type of asset or liability under PSAS. Remeasure all assets and liabilities recognized under PSAS. An opening Statement of Financial Position is prepared at the date of transition to PSAS. The date of transition is the beginning of the earliest period for which a government organization presents full comparative information under PSAS.

Recognition and measurement

Optional exemptions	Accounting policies
<ul style="list-style-type: none"> A government organization may elect to use one or more of the following exemptions upon adoption of PSAS: <ul style="list-style-type: none"> Retirement and post-employment benefits; Business combinations; Investments in government business enterprises; Business partnerships; and Tangible capital asset impairment. 	<ul style="list-style-type: none"> Use the same accounting policies in the opening Statement of Financial Position prepared in accordance with PSAS and throughout all periods presented in the first PSAS financial statements, <u>except for</u>: <ul style="list-style-type: none"> Section PS 3450, <i>Financial Instruments</i>, which is applicable to government organizations for fiscal years beginning on or after April 1, 2012 (earlier adoption is encouraged). When a government organization adopts Section 3450 in the same period that it first transitions to PSAS, Section PS 3450 cannot be applied retroactively. Instead comparative amounts are presented in accordance with the accounting policies applied by the government organization immediately prior to its adoption of PSAS. Those accounting policies must comply with each PSAS effective at the end of the first reporting period in accordance with PSAS. If the accounting policies a government organization uses in its opening Statement of Financial Position prepared in accordance with PSAS differ from those used for the same date under its previous accounting policies, any resulting adjustments are recognized directly in accumulated surplus / deficit at the date of transition.
Mandatory exceptions	
<ul style="list-style-type: none"> Section PS 2125 prohibits retrospective application in relation to accounting estimates. 	

Presentation and disclosure

<ul style="list-style-type: none"> A government organization's first set of financial statements in accordance with PSAS are required to present three Statements of Financial Position. In the year of adoption of PSAS a government organization must disclose: <ul style="list-style-type: none"> The amount of each charge to accumulated surplus / deficit at the date of transition resulting from the adoption of PSAS and the reason therefor; and A reconciliation of net income reported in the government organization's most recent previously issued financial statements to its annual surplus / deficit under PSAS for the same period. The disclosures must provide sufficient detail to enable users to understand the material adjustments to the Statement of Financial Position, Statement of Operations and Statement of Cash Flows. All exemptions used by the government organization must be disclosed.
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Transitional provisions

<ul style="list-style-type: none"> This Section does not apply to a change in accounting policy in a government organization's first Public Sector Accounting Standards financial statements to conform to new Public Sector Accounting Standards issued after August 2010.
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