

Introduction and Invitation to Comment

In this exposure draft the International Accounting Standards Board proposes to restructure IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The main change proposed in the restructure is to remove certain transitional provisions relating to specific standards from the main body of the Standard. It is proposed that these provisions will be located in Appendices to the Standard.

The restructuring will not alter the technical content of IFRS 1. However, some transitional provisions have been removed as they are no longer relevant.

The Board invites comments on the proposed amendments to IFRS 1. It would particularly welcome answers to the question set out below. Comments are most helpful if they indicate the specific paragraph, contain a clear rationale and, when applicable, provide a suggestion for alternative wording.

The Board is not requesting comments on matters in IFRS 1 not addressed in the exposure draft.

Question

Do you agree with the Board's proposed restructuring of IFRS 1? If not, why?

Proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*

The main body of the standard is presented with amendments marked (new text is underlined and deleted text is struck through). Paragraphs that have been moved are described accordingly. Paragraphs that have been deleted are described accordingly and their text struck through. Paragraph references within the text have been updated without being marked.

International Financial Reporting Standard 1 *First-time Adoption of International Financial Reporting Standards*

Objective

- 1 The objective of this IFRS is to ensure that an entity's *first IFRS financial statements*, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:
- (a) is transparent for users and comparable over all periods presented;
 - (b) provides a suitable starting point for accounting underin accordance with *International Financial Reporting Standards (IFRSs)*; and
 - (c) can be generated at a cost that does not exceed the benefits to users.

Scope

- 2 An entity shall apply this IFRS in:
- (a) its first IFRS financial statements; and
 - (b) each interim financial report, if any, that it presents underin accordance with IAS 34 *Interim Financial Reporting* for part of the period covered by its first IFRS financial statements.
- 3 An entity's first IFRS financial statements are the first annual financial statements in which the entity adopts IFRSs, by an explicit and unreserved statement in those financial statements of compliance with IFRSs. Financial statements underin accordance with IFRSs are an entity's first IFRS financial statements if, for example, the entity:
- (a) presented its most recent previous financial statements:
 - (i) underin accordance with national requirements that are not consistent with IFRSs in all respects;
 - (ii) in conformity with IFRSs in all respects, except that the financial statements did not contain an explicit and unreserved statement that they complied with IFRSs;
 - (iii) containing an explicit statement of compliance with some, but not all, IFRSs;
 - (iv) underin accordance with national requirements inconsistent with IFRSs, using some individual IFRSs to account for items for which national requirements did not exist; or
 - (v) underin accordance with national requirements, with a reconciliation of some amounts to the amounts determined underin accordance with IFRSs;
 - (b) prepared financial statements underin accordance with IFRSs for internal use only, without making them available to the entity's owners or any other external users;

- (c) prepared a reporting package ~~under~~ in accordance with IFRSs for consolidation purposes without preparing a complete set of financial statements as defined in IAS 1 *Presentation of Financial Statements*; or
 - (d) did not present financial statements for previous periods.
- 4 This IFRS applies when an entity first adopts IFRSs. It does not apply when, for example, an entity:
- (a) stops presenting financial statements ~~under~~ in accordance with national requirements, having previously presented them as well as another set of financial statements that contained an explicit and unreserved statement of compliance with IFRSs;
 - (b) presented financial statements in the previous year ~~under~~ in accordance with national requirements and those financial statements contained an explicit and unreserved statement of compliance with IFRSs; or
 - (c) presented financial statements in the previous year that contained an explicit and unreserved statement of compliance with IFRSs, even if the auditors qualified their audit report on those financial statements.
- 5 This IFRS does not apply to changes in accounting policies made by an entity that already applies IFRSs. Such changes are the subject of:
- (a) requirements on changes in accounting policies in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
 - (b) specific transitional requirements in other IFRSs.

Recognition and measurement

Opening IFRS balance sheet

- 6 An entity shall prepare an *opening IFRS balance sheet* at the *date of transition to IFRSs*. This is the starting point for its accounting ~~under~~ in accordance with IFRSs. An entity need not present its opening IFRS balance sheet in its first IFRS financial statements.

Accounting policies

- 7 **An entity shall use the same accounting policies in its opening IFRS balance sheet and throughout all periods presented in its first IFRS financial statements. Those accounting policies shall comply with each IFRS effective at the reporting date for its first IFRS financial statements, except as specified in paragraphs 13-17 and Appendices B-E.**
- 8 An entity shall not apply different versions of IFRSs that were effective at earlier dates. An entity may apply a new IFRS that is not yet mandatory if ~~that IFRS~~ permits early application.

Example: Consistent application of latest version of IFRSs

Background

The reporting date for entity A's first IFRS financial statements is 31 December 2005~~9~~. Entity A decides to present comparative information in those financial statements for one year only (see paragraph 21). Therefore, its date of transition to IFRSs is the beginning of business on 1 January 2004~~8~~ (or, equivalently, close of business on 31 December 2003~~7~~). Entity A presented financial statements ~~under~~in accordance with its *previous GAAP* annually to 31 December each year up to, and including, 31 December 2004~~8~~.

Application of requirements

Entity A is required to apply the IFRSs effective for periods ending on 31 December 2005~~9~~ in:

- (a) preparing its opening IFRS balance sheet at 1 January 2004~~8~~; and
- (b) preparing and presenting its balance sheet for 31 December 2005~~9~~ (including comparative amounts for 2004~~8~~), income statement, statement of changes in equity and cash flow statement for the year to 31 December 2005~~9~~ (including comparative amounts for 2004~~8~~) and disclosures (including comparative information for 2004~~8~~).

If a new IFRS is not yet mandatory but permits early application, entity A is permitted, but not required, to apply that IFRS in its first IFRS financial statements.

- 9 The transitional provisions in other IFRSs apply to changes in accounting policies made by an entity that already uses IFRSs; they do not apply to a *first-time adopter's* transition to IFRSs, except as specified in Appendices B-E.
- 10 Except as described in paragraphs 13-17 and Appendices B-E, an entity shall, in its opening IFRS balance sheet:
 - (a) recognise all assets and liabilities whose recognition is required by IFRSs;
 - (b) not recognise items as assets or liabilities if IFRSs do not permit such recognition;
 - (c) reclassify items that it recognised ~~under~~in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity ~~under~~in accordance with IFRSs; and
 - (d) apply IFRSs in measuring all recognised assets and liabilities.
- 11 The accounting policies that an entity uses in its opening IFRS balance sheet may differ from those that it used for the same date using its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to IFRSs. Therefore, an entity shall recognise those adjustments directly in retained earnings (or, if appropriate, another category of equity) at the date of transition to IFRSs.
- 12 This IFRS establishes two categories of exceptions to the principle that an entity's opening IFRS balance sheet shall comply with each IFRS:
 - (a) Appendix B prohibits ~~retrospective application of some aspects of other IFRSs.~~ [previously paragraph 12b]
 - (b) Appendices C-E grant exemptions from some requirements of other IFRSs. [previously paragraph 12a]

Exceptions to retrospective application of other IFRSs

- 13 This IFRS prohibits retrospective application of some aspects of other IFRSs. These exceptions are contained in paragraphs 13-17 and Appendix B, relating to:
 - (a) ~~derecognition of financial assets and financial liabilities (paragraphs 27 and 27A);~~
 - (b) ~~hedge accounting (paragraphs 28-30);~~

- (c) — estimates (paragraphs 31–34); and
- (d) — assets classified as held for sale and discontinued operations (paragraphs 34A and 34B).
[previously paragraph 26]

Estimates

- 14 **An entity's estimates ~~under~~in accordance with IFRSs at the date of transition to IFRSs shall be consistent with estimates made for the same date ~~under~~in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. [previously paragraph 31]**
- 15 An entity may receive information after the date of transition to IFRSs about estimates that it had made ~~under~~in accordance with previous GAAP. ~~Under~~In accordance with paragraph 14, an entity shall treat the receipt of that information in the same way as non-adjusting events after the balance sheet date ~~under~~in accordance with IAS 10 *Events after the Balance Sheet Date*. For example, assume that an entity's date of transition to IFRSs is 1 January 2004~~8~~ and new information on 15 July 2004~~8~~ requires the revision of an estimate made ~~under~~in accordance with previous GAAP at 31 December 2003~~7~~. The entity shall not reflect that new information in its opening IFRS balance sheet (unless the estimates need adjustment for any differences in accounting policies or there is objective evidence that the estimates were in error). Instead, the entity shall reflect that new information in its income statement (or, if appropriate, other changes in equity) for the year ended 31 December 2004~~8~~. [previously paragraph 32]
- 16 An entity may need to make estimates ~~under~~in accordance with IFRSs at the date of transition to IFRSs that were not required at that date ~~under~~in accordance with previous GAAP. To achieve consistency with IAS 10, those estimates ~~under~~in accordance with IFRSs shall reflect conditions that existed at the date of transition to IFRSs. In particular, estimates at the date of transition to IFRSs of market prices, interest rates or foreign exchange rates shall reflect market conditions at that date. [previously paragraph 33]
- 17 Paragraphs 14–16 apply to the opening IFRS balance sheet. They also apply to a comparative period presented in an entity's first IFRS financial statements, in which case the references to the date of transition to IFRSs are replaced by references to the end of that comparative period. [previously paragraph 34]

Exemptions from other IFRSs

- 18 An entity may elect to use one or more of the ~~following~~ exemptions contained in Appendices C–E.:
- (a) — ~~business combinations (paragraph 15);~~
 - (b) — ~~fair value or revaluation as deemed cost (paragraphs 16–19);~~
 - (c) — ~~employee benefits (paragraphs 20 and 20A);~~
 - (d) — ~~cumulative translation differences (paragraphs 21 and 22);~~
 - (e) — ~~compound financial instruments (paragraph 23);~~
 - (f) — ~~assets and liabilities of subsidiaries, associates and joint ventures (paragraphs 24 and 25);~~
 - (g) — ~~designation of previously recognised financial instruments (paragraph 25A);~~
 - (h) — ~~share-based payment transactions (paragraphs 25B and 25C);~~
 - (i) — ~~insurance contracts (paragraph 25D);~~
 - (j) — ~~decommissioning liabilities included in the cost of property, plant and equipment (paragraph 25E);~~
 - (k) — ~~leases (paragraph 25F);~~

- ~~(l) — fair value measurement of financial assets or financial liabilities at initial recognition (paragraph 25G); and~~
- ~~(m) — a financial asset or an intangible asset accounted for in accordance with IFRIC 12 Service Concession Arrangements (Paragraph 25H).~~

An entity shall not apply these exemptions by analogy to other items. [previously paragraph 13]

- 19 Some exemptions below in Appendices C-E refer to *fair value*. IFRS 3 *Business Combinations* explains how to determine the fair values of identifiable assets and liabilities acquired in a business combination. An entity shall apply those explanations in determining fair values underin accordance with this IFRS, unless another IFRS contains more specific guidance on the determination of fair values for the asset or liability in question. Those fair values shall reflect conditions that existed at the date for which they were determined. [previously paragraph 14]

Assets classified as held for sale and discontinued operations

- 34A — ~~[paragraph removed] IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* requires that it shall be applied prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and operations that meet the criteria to be classified as discontinued after the effective date of IFRS 5. IFRS 5 permits an entity to apply the requirements of the IFRS to all non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and operations that meet the criteria to be classified as discontinued after any date before the effective date of the IFRS, provided the valuations and other information needed to apply the IFRS were obtained at the time those criteria were originally met.~~
- 34B — ~~[paragraph removed] An entity with a date of transition to IFRSs before 1 January 2005 shall apply the transitional provisions of IFRS 5. An entity with a date of transition to IFRSs on or after 1 January 2005 shall apply IFRS 5 retrospectively.~~

Presentation and disclosure

- 20 ~~Except as described in paragraphs 36A–37, this IFRS does not provide exemptions from the presentation and disclosure requirements in other IFRSs. [previously paragraph 35]~~

Comparative information

- 21 To comply with IAS 1, an entity's first IFRS financial statements shall include at least one year of comparative information underin accordance with IFRSs. [previously paragraph 36]

Exemption from the requirement to restate comparative information for IAS 39 and IFRS 4

- 36A — ~~[paragraph removed] In its first IFRS financial statements, an entity that adopts IFRSs before 1 January 2006 shall present at least one year of comparative information, but this comparative information need not comply with IAS 32, IAS 39 or IFRS 4. An entity that chooses to present comparative information that does not comply with IAS 32, IAS 39 or IFRS 4 in its first year of transition shall:~~
- ~~(a) — apply the recognition and measurement requirements of its previous GAAP in the comparative information for financial instruments within the scope of IAS 32 and IAS 39 and for insurance contracts within the scope of IFRS 4;~~
 - ~~(b) — disclose this fact together with the basis used to prepare this information; and~~
 - ~~(c) — disclose the nature of the main adjustments that would make the information comply with IAS 32, IAS 39 and IFRS 4. The entity need not quantify those adjustments. However, the entity shall treat any adjustment between the balance sheet at the comparative period's reporting date (ie the balance sheet that includes comparative information under previous GAAP) and the balance sheet at the start of the *first IFRS reporting period* (ie the first period that includes information that complies with IAS 32, IAS 39 and~~

IFRS 4) as arising from a change in accounting policy and give the disclosures required by paragraph 28(a) ~~(e)~~ and (f)(i) of IAS 8. Paragraph 28(f)(i) applies only to amounts presented in the balance sheet at the comparative period's reporting date.

~~In the case of an entity that chooses to present comparative information that does not comply with IAS 32, IAS 39 and IFRS 4, references to the 'date of transition to IFRSs' shall mean, in the case of those Standards only, the beginning of the first IFRS reporting period. Such entities are required to comply with paragraph 15(e) of IAS 1 to provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.~~

Exemption from the requirement to present comparative information for IFRS 6

36B—~~[paragraph removed] An entity that adopts IFRSs before 1 January 2006 and chooses to adopt IFRS 6 *Exploration for and Evaluation of Mineral Resources* before 1 January 2006 need not apply the requirements of IFRS 6 to comparative information presented in its first IFRS financial statements.~~

Exemption from the requirement to provide comparative disclosures for IFRS 7

36C—~~[paragraph removed] An entity that adopts IFRSs before 1 January 2006 and chooses to adopt IFRS 7 *Financial Instruments: Disclosures* in its first IFRS financial statements need not present the comparative disclosures required by IFRS 7 in those financial statements.~~

Non-IFRS comparative information and historical summaries

22 Some entities present historical summaries of selected data for periods before the first period for which they present full comparative information ~~underin accordance with~~ IFRSs. This IFRS does not require such summaries to comply with the recognition and measurement requirements of IFRSs. Furthermore, some entities present comparative information ~~underin accordance with~~ previous GAAP as well as the comparative information required by IAS 1. In any financial statements containing historical summaries or comparative information ~~underin accordance with~~ previous GAAP, an entity shall:

- (a) label the previous GAAP information prominently as not being prepared ~~underin accordance with~~ IFRSs; and
- (b) disclose the nature of the main adjustments that would make it comply with IFRSs. ~~[previously paragraph 37]~~

Explanation of transition to IFRSs

23 An entity shall explain how the transition from previous GAAP to IFRSs affected its reported financial position, financial performance and cash flows. ~~[previously paragraph 38]~~

Reconciliations

24 To comply with paragraph 23, an entity's first IFRS financial statements shall include:

- (a) reconciliations of its equity reported ~~underin accordance with~~ previous GAAP to its equity ~~underin accordance with~~ IFRSs for both of the following dates:
 - (i) the date of transition to IFRSs; and
 - (ii) the end of the latest period presented in the entity's most recent annual financial statements ~~underin accordance with~~ previous GAAP;
- (b) a reconciliation of the profit or loss reported ~~underin accordance with~~ previous GAAP for the latest period in the entity's most recent annual financial statements to its profit or loss ~~underdetermined in accordance with~~ IFRSs for the same period; and

- (c) if the entity recognised or reversed any impairment losses for the first time in preparing its opening IFRS balance sheet, the disclosures that IAS 36 *Impairment of Assets* would have required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to IFRSs. [previously paragraph 39]

25 The reconciliations required by paragraph 24(a) and (b) shall give sufficient detail to enable users to understand the material adjustments to the balance sheet and income statement. If an entity presented a cash flow statement under its previous GAAP, it shall also explain the material adjustments to the cash flow statement. [previously paragraph 40]

26 If an entity becomes aware of errors made under previous GAAP, the reconciliations required by paragraph 24(a) and (b) shall distinguish the correction of those errors from changes in accounting policies. [previously paragraph 41]

27 IAS 8 does not deal with changes in accounting policies that occur when an entity first adopts IFRSs. Therefore, IAS 8's requirements for disclosures about changes in accounting policies do not apply in an entity's first IFRS financial statements. [previously paragraph 42]

28 If an entity did not present financial statements for previous periods, its first IFRS financial statements shall disclose that fact. [previously paragraph 43]

Designation of financial assets or financial liabilities

29 An entity is permitted to designate a previously recognised financial asset or financial liability as a financial asset or financial liability at fair value through profit or loss or a financial asset as available for sale in accordance with Appendix D paragraph D17. The entity shall disclose the fair value of financial assets or financial liabilities designated into each category at the date of designation and their classification and carrying amount in the previous financial statements. [previously paragraph 43A]

Use of fair value as deemed cost

30 If an entity uses fair value in its opening IFRS balance sheet as *deemed cost* for an item of property, plant and equipment, an investment property or an intangible asset (see Appendix D paragraphs D2 and D4), the entity's first IFRS financial statements shall disclose, for each line item in the opening IFRS balance sheet:

- (a) the aggregate of those fair values; and
- (b) the aggregate adjustment to the carrying amounts reported under previous GAAP. [previously paragraph 44]

Interim financial reports

31 To comply with paragraph 23, if an entity presents an interim financial report under IAS 34 for part of the period covered by its first IFRS financial statements, the entity shall satisfy the following requirements in addition to the requirements of IAS 34:

- (a) Each such interim financial report shall, if the entity presented an interim financial report for the comparable interim period of the immediately preceding financial year, include reconciliations of:
 - (i) its equity under previous GAAP at the end of that comparable interim period to its equity under IFRSs at that date; and
 - (ii) its profit or loss under previous GAAP for that comparable interim period (current and year-to-date) to its profit or loss under IFRSs for that period.
- (b) In addition to the reconciliations required by (a), an entity's first interim financial report under IAS 34 for part of the period covered by its first IFRS financial statements shall include the reconciliations described in paragraph 24(a) and (b) (supplemented by the details required by paragraphs 25 and 26) or a cross-reference to another published document that includes these reconciliations. [previously paragraph 45]

- 32 IAS 34 requires minimum disclosures, which are based on the assumption that users of the interim financial report also have access to the most recent annual financial statements. However, IAS 34 also requires an entity to disclose ‘any events or transactions that are material to an understanding of the current interim period’. Therefore, if a first-time adopter did not, in its most recent annual financial statements under previous GAAP, disclose information material to an understanding of the current interim period, its interim financial report shall disclose that information or include a cross-reference to another published document that includes it. [previously paragraph 46]

Effective date

- 33 An entity shall apply this IFRS if its first IFRS financial statements are for a period beginning on or after 1 January 2004. ~~Earlier application is encouraged. If an entity’s first IFRS financial statements are for a period beginning before 1 January 2004 and the entity applies this IFRS instead of SIC 8 *First-time Application of IASs as the Primary Basis of Accounting*, it shall disclose that fact.~~ [previously paragraph 47]
- 47A—~~[paragraph removed] An entity shall apply the amendments in paragraphs 13(j) and 25E for annual periods beginning on or after 1 September 2004. If an entity applies IFRIC 1 for an earlier period, these amendments shall be applied for that earlier period.~~
- 47B—~~[paragraph removed] An entity shall apply the amendments in paragraphs 13(k) and 25F for annual periods beginning on or after 1 January 2006. If an entity applies IFRIC 4 for an earlier period, these amendments shall be applied for that earlier period.~~
- 47C—~~[paragraph removed] An entity shall apply the amendments in paragraph 36B for annual periods beginning on or after 1 January 2006. If an entity applies IFRS 6 for an earlier period, these amendments shall be applied for that earlier period.~~
- 47D—~~[paragraph removed] An entity shall apply the amendments in paragraph 20A for annual periods beginning on or after 1 January 2006. If an entity applies the amendments to IAS 19 *Employee Benefits—Actuarial Gains and Losses, Group Plans and Disclosures* for an earlier period, these amendments shall be applied for that earlier period.~~
- 47E—~~[paragraph removed] An entity shall apply the amendments in paragraphs 13(l) and 25G for annual periods beginning on or after 1 January 2005. If an entity applies the amendments to IAS 39 *Financial Instruments: Recognition and Measurement—Transition and Initial Recognition of Financial Assets and Financial Liabilities* for an earlier period, these amendments shall be applied for that earlier period.~~
- 47F—~~[paragraph removed] An entity shall apply the amendments in paragraphs 9, 12(a), 13(m) and 25H for annual periods beginning on or after 1 January 2008. If an entity applies IFRIC 12 for an earlier period, these amendments shall be applied for that earlier period.~~

Withdrawal of IFRS 1 (issued 2003)

- 34 This [draft] IFRS supersedes IFRS 1 (issued 2003).

Appendix A

Defined terms

This appendix is an integral part of the IFRS.

date of transition to IFRSs	The beginning of the earliest period for which an entity presents full comparative information <u>under</u> <u>in accordance with</u> IFRSs in its first IFRS financial statements .
deemed cost	An amount used as a surrogate for cost or depreciated cost at a given date. Subsequent depreciation or amortisation assumes that the entity had initially recognised the asset or liability at the given date and that its cost was equal to the deemed cost.
fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
first IFRS financial statements	The first annual financial statements in which an entity adopts International Financial Reporting Standards (IFRSs) , by an explicit and unreserved statement of compliance with IFRSs.
first IFRS reporting period	The reporting period ending on the reporting date of an entity's first IFRS financial statements .
first-time adopter	An entity that presents its first IFRS financial statements .
International Financial Reporting Standards (IFRSs)	Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise: <ul style="list-style-type: none">(a) International Financial Reporting Standards;(b) International Accounting Standards; and(c) Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).
opening IFRS balance sheet	An entity's balance sheet (published or unpublished) at the date of transition to IFRSs .
previous GAAP	The basis of accounting that a first-time adopter used immediately before adopting IFRSs.
reporting date	The end of the latest period covered by financial statements or by an interim financial report.

The text of the previous Appendix B is moved to Appendix C.

Except where specified, all text below is new. Text that is described as being moved from another part of the Standard is presented with amendments marked (new text is underlined and deleted text is struck through). Paragraph references within the text have been updated without being marked.

Appendix B

Exceptions to the mandatory application of IFRSs retrospectively

This appendix is an integral part of the IFRS.

- B1 An entity shall apply the following exceptions:
- (a) derecognition of financial assets and financial liabilities (paragraphs B2 and B3); and
 - (b) hedge accounting (paragraphs B4–B6).

Derecognition of financial assets and financial liabilities

- B2 Except as permitted by paragraph B3, a first-time adopter shall apply the derecognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement* prospectively for transactions occurring on or after 1 January 2004. In other words, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities under its previous GAAP as a result of a transaction that occurred before 1 January 2004, it shall not recognise those assets and liabilities under IFRSs (unless they qualify for recognition as a result of a later transaction or event). [\[previously paragraph 27\]](#)
- B3 Notwithstanding paragraph B2, an entity may apply the derecognition requirements in IAS 39 retrospectively from a date of the entity's choosing, provided that the information needed to apply IAS 39 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. [\[previously paragraph 27A\]](#)

Hedge accounting

- B4 As required by IAS 39, at the date of transition to IFRSs, an entity shall:
- (a) measure all derivatives at fair value; and
 - (b) eliminate all deferred losses and gains arising on derivatives that were reported under previous GAAP as if they were assets or liabilities. [\[previously paragraph 28\]](#)
- B5 An entity shall not reflect in its opening IFRS balance sheet a hedging relationship of a type that does not qualify for hedge accounting under IAS 39 (for example, many hedging relationships where the hedging instrument is a cash instrument or written option; where the hedged item is a net position; or where the hedge covers interest risk in a held-to-maturity investment). However, if an entity designated a net position as a hedged item under previous GAAP, it may designate an individual item within that net position as a hedged item under IFRSs, provided that it does so no later than the date of transition to IFRSs. [\[previously paragraph 29\]](#)
- B6 If, before the date of transition to IFRSs, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in IAS 39 the entity shall apply paragraphs 91 and 101 of IAS 39 ~~(as revised in 2003)~~ to discontinue hedge accounting. Transactions entered into before the date of transition to IFRSs shall not be retrospectively designated as hedges. [\[previously paragraph 30\]](#)

The text of Appendix C is previously from Appendix B.

Appendix C is presented with amendments marked (new text is underlined, deleted text is struck through). Paragraph references within the text have been updated without being marked.

Appendix BC

Exemptions for Business combinations

This appendix is an integral part of the IFRS.

An entity shall apply the following requirements ~~in Appendix B~~ to business combinations that the entity recognised before the date of transition to IFRSs. [previously paragraph 15]

- C1 A first-time adopter may elect not to apply IFRS 3 ~~Business Combinations~~ retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRSs). However, if a first-time adopter restates any business combination to comply with IFRS 3, it shall restate all later business combinations and shall also apply IAS 36 ~~Impairment of Assets (as revised in 2004)~~ and IAS 38 ~~Intangible Assets (as revised in 2004)~~ from that same date. For example, if a first-time adopter elects to restate a business combination that occurred on 30 June 2002~~7~~, it shall restate all business combinations that occurred between 30 June 2002~~7~~ and the date of transition to IFRSs, and it shall also apply IAS 36 ~~(as revised in 2004)~~ and IAS 38 ~~(as revised in 2004)~~ from 30 June 2002~~7~~. [previously paragraph B1 of Appendix B]
- C2 An entity need not apply IAS 21 ~~The Effects of Changes in Foreign Exchange Rates (as revised in 2003)~~ retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to IFRSs. If the entity does not apply IAS 21 retrospectively to those fair value adjustments and goodwill, it shall treat them as assets and liabilities of the entity rather than as assets and liabilities of the acquiree. Therefore, those goodwill and fair value adjustments either are already expressed in the entity's functional currency or are non-monetary foreign currency items, which are reported using the exchange rate applied under previous GAAP. [previously paragraph B1A of Appendix B]
- C3 An entity may apply IAS 21 retrospectively to fair value adjustments and goodwill arising in either:
- (a) all business combinations that occurred before the date of transition to IFRSs; or
 - (b) all business combinations that the entity elects to restate to comply with IFRS 3, as permitted by paragraph C1 above. [previously paragraph B1B of Appendix B]
- C4 If a first-time adopter does not apply IFRS 3 retrospectively to a past business combination, this has the following consequences for that business combination:
- (a) The first-time adopter shall keep the same classification (as an acquisition by the legal acquirer, a reverse acquisition by the legal acquiree, or a uniting of interests) as in its previous GAAP financial statements.
 - (b) The first-time adopter shall recognise all its assets and liabilities at the date of transition to IFRSs that were acquired or assumed in a past business combination, other than:
 - (i) some financial assets and financial liabilities derecognised under previous GAAP (see paragraph B2); and
 - (ii) assets, including goodwill, and liabilities that were not recognised in the acquirer's consolidated balance sheet under previous GAAP and also would not qualify for recognition under IFRSs in the separate balance sheet of the acquiree (see paragraph C4(f)–C4(i)).

The first-time adopter shall recognise any resulting change by adjusting retained earnings (or, if appropriate, another category of equity), unless the change results from the recognition of an intangible asset that was previously subsumed within goodwill (see paragraph C4(g)(i)).

- (c) The first-time adopter shall exclude from its opening IFRS balance sheet any item recognised under previous GAAP that does not qualify for recognition as an asset or liability under IFRSs. The first-time adopter shall account for the resulting change as follows:
- (i) the first-time adopter may have classified a past business combination as an acquisition and recognised as an intangible asset an item that does not qualify for recognition as an asset under IAS 38. It shall reclassify that item (and, if any, the related deferred tax and minority interests) as part of goodwill (unless it deducted goodwill directly from equity under previous GAAP, see paragraph C4(g)(i) and C4(i)).
 - (ii) the first-time adopter shall recognise all other resulting changes in retained earnings.*
- (d) IFRSs require subsequent measurement of some assets and liabilities on a basis that is not based on original cost, such as fair value. The first-time adopter shall measure these assets and liabilities on that basis in its opening IFRS balance sheet, even if they were acquired or assumed in a past business combination. It shall recognise any resulting change in the carrying amount by adjusting retained earnings (or, if appropriate, another category of equity), rather than goodwill.
- (e) Immediately after the business combination, the carrying amount under previous GAAP of assets acquired and liabilities assumed in that business combination shall be their deemed cost under IFRSs at that date. If IFRSs require a cost-based measurement of those assets and liabilities at a later date, that deemed cost shall be the basis for cost-based depreciation or amortisation from the date of the business combination.
- (f) If an asset acquired, or liability assumed, in a past business combination was not recognised under in accordance with previous GAAP, it does not have a deemed cost of zero in the opening IFRS balance sheet. Instead, the acquirer shall recognise and measure it in its consolidated balance sheet on the basis that IFRSs would require in the balance sheet of the acquiree. To illustrate: if the acquirer had not, under its previous GAAP, capitalised finance leases acquired in a past business combination, it shall capitalise those leases in its consolidated financial statements, as IAS 17 *Leases* would require the acquiree to do in its IFRS balance sheet. Conversely, if an asset or liability was subsumed in goodwill under previous GAAP but would have been recognised separately under IFRS 3, that asset or liability remains in goodwill unless IFRSs would require its recognition in the financial statements of the acquiree.
- (g) The carrying amount of goodwill in the opening IFRS balance sheet shall be its carrying amount under in accordance with previous GAAP at the date of transition to IFRSs, after the following three adjustments:
- (i) If required by paragraph C4(c)(i) above, the first-time adopter shall increase the carrying amount of goodwill when it reclassifies an item that it recognised as an intangible asset under in accordance with previous GAAP. Similarly, if paragraph C4(f) requires the first-time adopter to recognise an intangible asset that was subsumed in recognised goodwill under in accordance with previous GAAP, the

* Such changes include reclassifications from or to intangible assets if goodwill was not recognised under previous GAAP as an asset. This arises if, under previous GAAP, the entity (a) deducted goodwill directly from equity or (b) did not treat the business combination as an acquisition.

first-time adopter shall decrease the carrying amount of goodwill accordingly (and, if applicable, adjust deferred tax and minority interests).

- (ii) A contingency affecting the amount of the purchase consideration for a past business combination may have been resolved before the date of transition to IFRSs. If a reliable estimate of the contingent adjustment can be made and its payment is probable, the first-time adopter shall adjust the goodwill by that amount. Similarly, the first-time adopter shall adjust the carrying amount of goodwill if a previously recognised contingent adjustment can no longer be measured reliably or its payment is no longer probable.
 - (iii) Regardless of whether there is any indication that the goodwill may be impaired, the first-time adopter shall apply IAS 36 in testing the goodwill for impairment at the date of transition to IFRSs and in recognising any resulting impairment loss in retained earnings (or, if so required by IAS 36, in revaluation surplus). The impairment test shall be based on conditions at the date of transition to IFRSs.
- (h) No other adjustments shall be made to the carrying amount of goodwill at the date of transition to IFRSs. For example, the first-time adopter shall not restate the carrying amount of goodwill:
- (i) to exclude in-process research and development acquired in that business combination (unless the related intangible asset would qualify for recognition ~~under~~in accordance with IAS 38 in the balance sheet of the acquirer);
 - (ii) to adjust previous amortisation of goodwill;
 - (iii) to reverse adjustments to goodwill that IFRS 3 would not permit, but were made ~~under~~in accordance with previous GAAP because of adjustments to assets and liabilities between the date of the business combination and the date of transition to IFRSs.
- (i) If the first-time adopter recognised goodwill ~~under~~in accordance with previous GAAP as a deduction from equity:
- (i) it shall not recognise that goodwill in its opening IFRS balance sheet. Furthermore, it shall not transfer that goodwill to the income statement if it disposes of the subsidiary or if the investment in the subsidiary becomes impaired.
 - (ii) adjustments resulting from the subsequent resolution of a contingency affecting the purchase consideration shall be recognised in retained earnings.
- (j) ~~Under~~In accordance with its previous GAAP, the first-time adopter may not have consolidated a subsidiary acquired in a past business combination (for example, because the parent did not regard it as a subsidiary ~~under~~in accordance with previous GAAP or did not prepare consolidated financial statements). The first-time adopter shall adjust the carrying amounts of the subsidiary's assets and liabilities to the amounts that IFRSs would require in the subsidiary's balance sheet. The deemed cost of goodwill equals the difference at the date of transition to IFRSs between:
- (i) the parent's interest in those adjusted carrying amounts; and
 - (ii) the cost in the parent's separate financial statements of its investment in the subsidiary.
- (k) The measurement of minority interests and deferred tax follows from the measurement of other assets and liabilities. Therefore, the above adjustments to recognised assets and liabilities affect minority interests and deferred tax. [previously paragraph B2 of Appendix B]

C5 The exemption for past business combinations also applies to past acquisitions of investments in associates and of interests in joint ventures. Furthermore, the date selected for paragraph C1 applies equally for all such acquisitions. [previously paragraph B3 of Appendix B]

The text of Appendix D replaces Appendix C.

Except where specified, all text below is new. Text that is described as being moved from another part of the Standard is presented with amendments marked (new text is underlined and deleted text is struck through). Paragraph references within the text have been updated without being marked.

Appendix GD

Amendments to other IFRSs Exemptions from other IFRSs

The amendments in this appendix become effective for annual financial statements covering periods beginning on or after 1 January 2004. If an entity applies this IFRS for an earlier period, these amendments become effective for that earlier period.

** * * * **

The amendments contained in this appendix when this Standard was issued in 2003 have been incorporated into the relevant pronouncements published in this volume.

This appendix is an integral part of the IFRS.

- D1 An entity may apply elect to use one or more of the following exemptions:
- (a) share-based payment transactions (paragraph D2 and D3);
 - (b) insurance contracts (paragraph D4);
 - (c) fair value or revaluation as deemed cost (paragraphs D5–D8);
 - (d) leases (paragraph D9);
 - (e) employee benefits (paragraphs D10 and D11);
 - (f) cumulative translation differences (paragraphs D12 and D13);
 - (g) assets and liabilities of subsidiaries, associates and joint ventures (paragraphs D14 and D15);
 - (h) compound financial instruments (paragraph D16);
 - (i) designation of previously recognised financial instruments (paragraph D17);
 - (j) fair value measurement of financial assets or financial liabilities at initial recognition (paragraph D18);
 - (k) decommissioning liabilities included in the cost of property, plant and equipment (paragraph D19); and
 - (l) a financial asset or an intangible asset accounted for in accordance with IFRIC 12 *Service Concession Arrangements* (paragraph D20).

An entity shall not apply these exemptions by analogy to other items.

Share-based payment transactions

- D2 A first-time adopter is encouraged, but not required, to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before 7 November 2002. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to equity instruments that were granted after 7 November 2002 that vested before the later of (a) the date of transition to IFRSs and (b)

1 January 2005. However, if a first-time adopter elects to apply IFRS 2 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date, as defined in IFRS 2. For all grants of equity instruments to which IFRS 2 has not been applied (eg equity instruments granted on or before 7 November 2002), a first-time adopter shall nevertheless disclose the information required by paragraphs 44 and 45 of IFRS 2. If a first-time adopter modifies the terms or conditions of a grant of equity instruments to which IFRS 2 has not been applied, the entity is not required to apply paragraphs 26–29 of IFRS 2 if the modification occurred before the ~~later of (a) the date of transition to IFRSs and (b) 1 January 2005.~~ [previously paragraph 25B]

- D3 A first-time adopter is encouraged, but not required, to apply IFRS 2 to liabilities arising from share-based payment transactions that were settled before the date of transition to IFRSs. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to liabilities that were settled before 1 January 2005. For liabilities to which IFRS 2 is applied, a first-time adopter is not required to restate comparative information to the extent that the information relates to a period or date that is earlier than 7 November 2002. [previously paragraph 25C]

Insurance contracts

- D4 A first-time adopter may apply the transitional provisions in IFRS 4 *Insurance Contracts*. IFRS 4 restricts changes in accounting policies for insurance contracts, including changes made by a first-time adopter. [previously paragraph 25D]

Fair value or revaluation as deemed cost

- D5 An entity may elect to measure an item of property, plant and equipment at the date of transition to IFRSs at its fair value and use that fair value as its deemed cost at that date. [previously paragraph 16]

- D6 A first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to IFRSs as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:

- (a) fair value; or
- (b) cost or depreciated cost ~~under~~ in accordance with IFRSs, adjusted to reflect, for example, changes in a general or specific price index. [previously paragraph 17]

- D7 The elections in paragraphs D5 and D6 are also available for:

- (a) investment property, if an entity elects to use the cost model in IAS 40 *Investment Property*; and
- (b) intangible assets that meet:
 - (i) the recognition criteria in IAS 38 ~~*Intangible Assets*~~ (including reliable measurement of original cost); and
 - (ii) the criteria in IAS 38 for revaluation (including the existence of an active market).

An entity shall not use these elections for other assets or for liabilities. [previously paragraph 18]

- D8 A first-time adopter may have established a deemed cost ~~under~~ in accordance with previous GAAP for some or all of its assets and liabilities by measuring them at their fair value at one particular date because of an event such as a privatisation or initial public offering. It may use such event-driven fair value measurements as deemed cost for IFRSs at the date of that measurement. [previously paragraph 19]

Leases

- D9 A first-time adopter may apply the transitional provisions in IFRIC 4 *Determining whether an Arrangement contains a Lease*. Therefore, a first-time adopter may determine whether an

arrangement existing at the date of transition to IFRSs contains a lease on the basis of facts and circumstances existing at that date. [previously paragraph 25F]

Employee benefits

- D10 ~~Under~~In accordance with IAS 19 *Employee Benefits*, an entity may elect to use a ‘corridor’ approach that leaves some actuarial gains and losses unrecognised. Retrospective application of this approach requires an entity to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to IFRSs into a recognised portion and an unrecognised portion. However, a first-time adopter may elect to recognise all cumulative actuarial gains and losses at the date of transition to IFRSs, even if it uses the corridor approach for later actuarial gains and losses. If a first-time adopter uses this election, it shall apply it to all plans. [previously paragraph 20]
- D11 An entity may disclose the amounts required by paragraph 120A(p) of IAS 19 as the amounts are determined for each accounting period prospectively from the date of transition to IFRSs. [previously paragraph 20A]

Cumulative translation differences

- D12 IAS 21 ~~*The Effects of Changes in Foreign Exchange Rates*~~ requires an entity:
- (a) to classify some translation differences as a separate component of equity; and
 - (b) on disposal of a foreign operation, to transfer the cumulative translation difference for that foreign operation (including, if applicable, gains and losses on related hedges) to the income statement as part of the gain or loss on disposal. [previously paragraph 21]
- D13 However, a first-time adopter need not comply with these requirements for cumulative translation differences that existed at the date of transition to IFRSs. If a first-time adopter uses this exemption:
- (a) the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRSs; and
 - (b) the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRSs and shall include later translation differences. [previously paragraph 22]

Assets and liabilities of subsidiaries, associates and joint ventures

- D14 If a subsidiary becomes a first-time adopter later than its parent, the subsidiary shall, in its financial statements, measure its assets and liabilities at either:
- (a) the carrying amounts that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary; or
 - (b) the carrying amounts required by the rest of this IFRS, based on the subsidiary’s date of transition to IFRSs. These carrying amounts could differ from those described in (a):
 - (i) when the exemptions in this IFRS result in measurements that depend on the date of transition to IFRSs.
 - (ii) when the accounting policies used in the subsidiary’s financial statements differ from those in the consolidated financial statements. For example, the subsidiary may use as its accounting policy the cost model in IAS 16 *Property, Plant and Equipment*, whereas the group may use the revaluation model.

A similar election is available to an associate or joint venture that becomes a first-time adopter later than an entity that has significant influence or joint control over it. [previously paragraph 24]

- D15 However, if an entity becomes a first-time adopter later than its subsidiary (or associate or joint venture) the entity shall, in its consolidated financial statements, measure the assets and liabilities of the subsidiary (or associate or joint venture) at the same carrying amounts as in the financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiary. Similarly, if a parent becomes a first-time adopter for its separate financial statements earlier or later than for its consolidated financial statements, it shall measure its assets and liabilities at the same amounts in both financial statements, except for consolidation adjustments. [previously paragraph 25]

Compound financial instruments

- D16 IAS 32 *Financial Instruments: Presentation* requires an entity to split a compound financial instrument at inception into separate liability and equity components. If the liability component is no longer outstanding, retrospective application of IAS 32 involves separating two portions of equity. The first portion is in retained earnings and represents the cumulative interest accreted on the liability component. The other portion represents the original equity component. However, ~~under~~ in accordance with this IFRS, a first-time adopter need not separate these two portions if the liability component is no longer outstanding at the date of transition to IFRSs. [previously paragraph 23]

Designation of previously recognised financial instruments

- D17 IAS 39 ~~*Financial Instruments: Recognition and Measurement*~~ permits a financial asset to be designated on initial recognition as available for sale or a financial instrument (provided it meets certain criteria) to be designated as a financial asset or financial liability at fair value through profit or loss. Despite this requirement exceptions apply in the following circumstances:
- (a) any entity is permitted to make an available-for-sale designation at the date of transition to IFRSs.
 - (b) ~~an entity that presents its first IFRS financial statements for an annual period beginning on or after 1 September 2006~~ such an entity is permitted to designate, at the date of transition to IFRSs, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria in paragraph 9(b)(i), 9(b)(ii) or 11A of IAS 39 at that date.
 - (c) ~~an entity that presents its first IFRS financial statements for an annual period beginning on or after 1 January 2006 and before 1 September 2006~~ such an entity is permitted to designate, at the date of transition to IFRSs, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria in paragraph 9(b)(i), 9(b)(ii) or 11A of IAS 39 at that date. ~~When the date of transition to IFRSs is before 1 September 2005, such designations need not be completed until 1 September 2005 and may also include financial assets and financial liabilities recognised between the date of transition to IFRSs and 1 September 2005.~~
 - (d) ~~an entity that presents its first IFRS financial statements for an annual period beginning before 1 January 2006 and applies paragraphs 11A, 48A, AG4B-AG4K, AG33A and AG33B and the 2005 amendments in paragraphs 9, 12 and 13 of IAS 39~~ such an entity is permitted at the start of its first IFRS reporting period to designate as at fair value through profit or loss any financial asset or financial liability that qualifies for such designation in accordance with these new and amended paragraphs at that date. ~~When the entity's first IFRS reporting period begins before 1 September 2005, such designations need not be completed until 1 September 2005 and may also include financial assets and financial liabilities recognised between the beginning of that period and 1 September 2005. If the entity restates comparative information for IAS 39 it shall restate that information for the financial assets, financial liabilities, or group of financial assets, financial liabilities or both, designated at the start of its first IFRS reporting period. Such restatement of comparative information shall be made only if the designated items or~~

~~groups would have met the criteria for such designation in paragraph 9(b)(i), 9(b)(ii) or 11A of IAS 39 at the date of transition to IFRSs or, if acquired after the date of transition to IFRSs, would have met the criteria in paragraph 9(b)(i), 9(b)(ii) or 11A at the date of initial recognition.~~

- ~~(e) for an entity that presents its first IFRS financial statements for an annual period beginning before 1 September 2006 notwithstanding paragraph 91 of IAS 39, any financial assets and financial liabilities such as an entity designated as at fair value through profit or loss in accordance with subparagraph (c) or (d) above that were previously designated as the hedged item in fair value hedge accounting relationships shall be de-designated from those relationships at the same time they are designated as at fair value through profit or loss. [previously paragraph 25A]~~

Fair value measurement of financial assets or financial liabilities

D18 Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of IAS 39 paragraph AG76, and paragraph AG76A, in either of the following ways:

- (a) prospectively to transactions entered into after 25 October 2002; or
- (b) prospectively to transactions entered into after 1 January 2004. [previously paragraph 25G]

Changes in existing decommissioning, restoration and similar liabilities included in the cost of property, plant and equipment

D19 IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to IFRSs. If a first-time adopter uses this exemption, it shall:

- (a) measure the liability as at the date of transition to IFRSs in accordance with IAS 37;
- (b) to the extent that the liability is within the scope of IFRIC 1, estimate the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rate(s) that would have applied for that liability over the intervening period; and
- (c) calculate the accumulated depreciation on that amount, as at the date of transition to IFRSs, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity ~~under~~ in accordance with IFRSs. [previously paragraph 25E]

Service concession arrangements

D20 A first-time adopter may apply the transitional provisions in IFRIC 12. [previously paragraph 25H]

The text of Appendix E is new.

Appendix E

Short-term exemptions from IFRSs

This appendix is an integral part of the IFRS.

[Appendix reserved for possible future short-term exemptions]

Basis for Conclusions on Proposed Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*

This Basis for Conclusions accompanies, but is not part of, the draft amendments.

Restructure of the Standard

- BC1 Since it was issued, IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been amended many times to accommodate first-time adoption requirements resulting from new or amended standards. Because of the way IFRS 1 is structured, these amendments make the IFRS more complex and less clear. In the future, as more amendments become necessary, this problem will become worse.
- BC2 The Board proposes to improve the structure of IFRS 1 without amending its substance. The proposed revised structure should be easier for the reader to understand and better designed to accommodate future changes. The focus of the restructure is to move to appendices all specific exemptions and exceptions from the requirements of IFRSs. Exemptions will be categorised into business combinations, exemptions and short-term exemptions. Exemptions are those exemptions applicable to all first-time adopters regardless of their date of transition to IFRSs. Short-term exemptions are those exemptions applicable to users for a short time. Once these exemptions have passed their useful date, they will be deleted.