

## Accounting changes, Section 1506

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### Changes in accounting policies

- .34 When initial application of a primary source of GAAP has an effect on the current period or any prior period or would have such an effect except that it is impracticable to determine the amount of the adjustment, an enterprise shall disclose:
- (a) the title of the primary source of GAAP;
  - (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
  - (c) the nature of the change in accounting policy;
  - (d) when applicable, a description of the transitional provisions;
  - (e) for each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;
  - (f) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
  - (g) if retrospective application required by paragraphs 1506.10(a)-(c) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Financial statements of subsequent periods need not repeat these disclosures.

- .35 When a voluntary change in accounting policy has an effect on the current period or any prior period or would have an effect on that period except that it is impracticable to determine the amount of the adjustment, an entity shall disclose:
- (a) the nature of the change in accounting policy;
  - (b) the reasons why applying the new accounting policy provides reliable and more relevant information (see paragraph 1506.06), unless an accounting policy choice was allowed under the Sections listed in paragraph 1506.09, in which case the entity shall explain why it made the accounting policy choice;
  - (c) for each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;
  - (d) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
  - (e) if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Financial statements of subsequent periods need not repeat these disclosures.

### Changes in accounting estimates

- .36 An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period.

### Errors

- .37 In applying paragraph 1506.27, an entity shall disclose the following:
- (a) the nature of the prior period error;
  - (b) for each prior period presented, the amount of the correction for each financial statement line item affected; and
  - (c) the amount of the correction at the beginning of the earliest prior period presented.

Financial statements of subsequent periods need not repeat these disclosures.

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