

## **SECTION PS 2125**

### **first-time adoption by government organizations**

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#### **SUPPLEMENT**

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving the 2024-2025 Annual Improvements to Public Sector Accounting Standards.

- .08 A government organization may elect to use one or more of the following exemptions:
- (a) retirement and post-employment benefits;
  - (b) business combinations;
  - (c) investments in government business enterprises;
  - (d) business partnerships; and
  - (e) tangible capital asset impairment.

*A government organization should not apply these exemptions by analogy to any other items. [JAN. 2011]*

#### **SUPPLEMENT**

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving the new CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING.

- .11 ADDITIONAL AREAS OF CONSOLIDATION, Section PS 2510, indicates the accounting requirements for an acquisition by a government organization when applying the purchase method. A first-time adopter need not comply with those requirements for an acquisition that was incurred prior to the date of transition to Public Sector Accounting Standards, with the exception of paragraph PS 2510.23. If a first-time adopter uses this exemption, the purchase method in Section PS 2510 is applied to acquisitions subsequent to the date of transition to Public Sector Accounting Standards. The first-time adopter excludes from its opening statement of financial position any item recognized under previous financial reporting standards that does not qualify for recognition as an asset or liability under Public Sector Accounting Standards including FINANCIAL STATEMENT CONCEPTS, Section PS 1000. However, if a first-time adopter restates any business combination to comply with Section PS 2510, it restates all subsequent business combinations from the date of the business combination.

#### **SUPPLEMENT**

This supplement sets out the previous wording of paragraphs that have been withdrawn as a consequence of approving FOREIGN CURRENCY TRANSLATION, Section PS 2601.

- .15 ♦ *This Section prohibits retroactive application to:*
- (a) *some aspects of hedge accounting, as set out in paragraph PS 2125.16; and*
  - (b) *accounting estimates. [JAN. 2011]*
- .16 FOREIGN CURRENCY TRANSLATION, Section PS 2600, allows synthetic instrument accounting to be used by a government organization when hedging foreign currency risk. A government organization does not reflect in its opening statement of financial position a hedging relationship of a type that does not qualify for hedge accounting under Section PS 2600. If, before the date of transition to Public Sector Accounting Standards, a government organization had designated a hedging relationship using criteria that are the same as those in Section PS 2600, the government organization would comply with the requirements of synthetic instrument accounting on transition. Transactions entered into before the date of transition to Public Sector Accounting Standards are not retroactively designated as hedges.

Note: Refer also to Handbook Revisions Release no. 34 (June 2011) for a complete listing of amendments related to the issuance of FOREIGN CURRENCY TRANSLATION, Section PS 2601.