



Re-adoption of ASPE

On first-time adoption of ASPE an entity applies *Section 1500 First-time Adoption* to ensure presentation and disclosure requirements are met. In the year of adoption, there are significant differences in the financial statements, including presentation of an opening balance sheet at the date of transition (i.e. a three column balance sheet). For the purpose of *Section 1500* the date of transition is the first day of the earliest comparative period.

In order to facilitate the transition, *Section 1500 paragraph 9* provides exemptions from specific sections of the Handbook. An example of an exemption is, that an entity is not required to restate related assets or liabilities as a result related party transactions occurring before the date of transition.

A common question among practitioners is if these exemptions are applicable under “Re-adoption” of ASPE. Re-adoption occurs when an entity previously reporting under ASPE, adopts a different basis of accounting, and then at a later date decides to transition back to ASPE.

Some practitioners may conclude that first-time adoption exemptions do not apply to re-adoption as is implied in the name of *Section 1500* and by some of its wording. However, many have argued that similar constraints are present at both first-time adoption and re-adoption, resulting in difficulties and the associated costs of obtaining historical information.

As re-adoption is not discussed in *Section 1500*, CPA Canada has issued guidance stating that *Section 1500* should be applied on re-adoption of ASPE¹.

¹ [CPA Canada non-authoritative guidance](#)