IFRS - 1

First-time Adoption of International Financial Reporting Standards

By: http://www.WorldGAAPInfo.com

Objective

1. The purpose of this IFRS is to ensure that the first financial statements under IFRS an entity, as well as their interim financial reports concerning a portion of the exercise covered by such financial statements, contain high quality information that:

   (a) is transparent to users and comparable for all periods presented;

   (b) provides an appropriate starting point for accounting under International Financial Reporting Standards (IFRS);

   (c) can be obtained at a cost not to exceed the benefits provided to users.

Scope

2. An entity shall apply the IFRS in:

   (a) its first financial statements under IFRS;

   (b) in each interim financial report, if any, present in accordance with IAS 34 interim financial reporting, related to one part of the exercise covered by its first financial statements under IFRS.

3. The first financial statements according to IFRS are the first annual financial statements in which an entity adopts IFRS, through a statement, explicit and unreserved contained in such financial statements, compliance with IFRS. The financial statements according to IFRS are the first financial statements of an entity under IFRS, for example, if the same:

   (a) has submitted its most recent previous financial statements:

      (i) under national requirements that are not consistent in all respects with IFRS;

      (ii) in accordance with IFRS in all respects, except that such financial statements do not contain a statement, explicit and unreserved compliance with IFRS;

      (iii) with an explicit statement of compliance with IFRS some, but not all;

      (iv) according to national requirements that are not consistent with IFRS, but applying some IFRS accounting for individual items for which there is no national legislation or

(v) under national requirements, providing a reconciliation of some of the figures with the same magnitude as determined by IFRS;

(b) has prepared financial statements under IFRS for internal use only, without making them available to owners of the entity or other external users;

(c) has prepared a package of information according to IFRS, for use in the consolidation, which does not constitute a complete set of financial statements, as defined in IAS 1 Presentation of Financial Statements, or

(d) did not submit financial statements in prior periods.

4. This IFRS applies when an entity adopts for the first time IFRS. It shall not apply where, for example, the entity:

(a) abandons the submission of financial statements according to national requirements, if presented earlier along with another set of financial statements containing a statement, explicit and unreserved compliance with IFRS;

(b) present in the previous year financial statements under national requirements, and such financial statements contained a statement, explicit and unreserved compliance with IFRS, or

(c) introduced in the previous year financial statements containing a statement, explicit and unreserved compliance with IFRS, even if the auditors expressed their opinion with caveats in the audit report on such financial statements.

5. This IFRS does not affect any changes in accounting policies made by an entity that had already adopted IFRS. Such changes are subject to:

(a) specific requirements relating to changes in accounting policies, contained in the IAS 8 Accounting policies, changes in accounting estimates and errors;

(b) specific transitional provisions contained in other IFRS.

Recognition and Measurement

Balance opening IFRS

6. The entity shall prepare an opening balance sheet IFRS at the date of transition to IFRS. This is the starting point for accounting under IFRS. The entity need not submit this opening balance sheet in its first financial statements under IFRS.

Accounting policies

7. The institution will use the same accounting policies in its opening balance sheet IFRS and throughout all periods presented in its first financial statements under IFRS. These accounting policies must comply with each IFRS in force at the reporting date for its first financial statements according to IFRS, except as specified in paragraphs 13 to 34.

8. An entity shall not apply different versions of IFRS that were in force earlier. An entity may adopt a new IFRS that still is not required, provided that it be allowed earlier application.

Example: uniform application of the latest version of IFRS

Background

It is the December 31, 2005. The entity decides to present comparative information of such statements. The filing date of the first financial statements under IFRS of a financial institution for one year (see paragraph 36). Therefore, their date of transition to IFRS is the start of business on January 1, 2004 (or, alternatively, the closure of business on December 31, 2003). Entity A filed annual financial statements in accordance with its previous GAAP, December 31 each year, including December 31, 2004.
Implementation of the requirements
Entity A is obliged to implement the IFRS that are effective for year ending December 31, 2005 to:
(a) preparing its opening balance sheet IFRS on January 1, 2004;
(a) prepare and submit its balance sheet on December 31, 2005 (including comparative figures for 2004), its income statement, statement of changes in its equity and its cash flow statement for the year ending 31 December 2005 (including comparative figures for 2004), as well as the rest of Disclosure (including comparative information for 2004).
If there were any IFRS still was not mandatory, but admitted his early application, it will enable the entity A, which has no obligation to do so, to implement such IFRS in its first financial statements under IFRS.

9. The transitional provisions in other IFRS will apply to changes in accounting policies to carry out an entity that is already using IFRS, but will not apply to the transition to IFRS an entity that adopts for the first time, except by as specified in paragraphs 25 D, 34 A and 34 B.

10. Except as described in paragraphs 13 to 34, an entity in its opening balance sheet IFRS:

(a) recognize all assets and liabilities whose recognition is required by IFRS;

(b) will not recognize such items as assets or liabilities if IFRS not permit such recognition;

(c) reclassified the assets, liabilities and net worth of components recognized under previous GAAP, according to the categories of assets, liabilities or equity component of its share according to IFRS;

(d) applies IFRS to evaluate all assets and liabilities recognized.

11. The accounting policies that use the entity in its opening balance sheet IFRS may differ from those applied on the same date in accordance with its previous GAAP. The resulting adjustments arising from transactions and events preceding the date of transition to IFRS. Therefore, the entity will recognize such adjustments, the date of transition to IFRS, directly in retained earnings (or, if appropriate, in another category of equity).

12. This IFRS establishes two categories of exclusions from the general principle that the opening balance sheet under IFRS of the entity, will meet with each and every one of IFRS:

(a) in paragraphs 13 to 25F provides exemptions for certain other requirements contained in IFRS;

(b) in paragraphs 26 to 34B prohibiting the retroactive application of some aspects of other IFRS.

Exemptions in the implementation of other IFRS

13. An entity may choose to use one or more of the following exemptions:

(a) business combinations (paragraph 15)

(b) fair value or revaluation as deemed cost (paragraphs 16 to 19);

(c) salaries to employees (paragraph 20);

(d) cumulative 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 recognized financial instruments (paragraph 25);

(h) transactions involving share-based payment (paragraphs 25B and 25C);

(i) insurance contracts (paragraph 25D);

(j) decommissioning liabilities included in the cost of tangible assets (E paragraph 25);

(k) leases (paragraph 25 F);

(l) the fair value of financial assets or financial liabilities on the recognition 'initial (paragraph 25 G).

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

14. Some of the previous exemptions relating 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 these explanations to determine the fair values according to the IFRS, unless another IFRS contain more specific guidelines for determining the fair values of assets or liabilities in question. These fair values reflect conditions that existed at the date for which they were certain.

Business Combinations

15. An entity shall apply the requirements of Appendix B to business combinations which recognized prior to the date of transition to IFRS.

Fair value or revaluation as deemed cost

16. An entity may choose, at the date of transition to IFRS, for valuing an item of tangible fixed assets at fair value, and use this fair value as deemed cost at that date.

17. The entity to take first IFRS may use the amount of tangible fixed assets revalued under previous GAAP, either at the date of transition or earlier, as deemed cost in revaluation date, provided that it was, when performed, broadly comparable:

(a) at fair value, or

(b) the cost or the cost depreciated according to IFRS, adjusted to reflect, for example, changes in a general price index or specific.

18. options paragraphs 16 and 17 may also be applied to:

(a) real estate investment, if an entity chooses the application of the model of the cost of IAS 40 Investments in real estate;

(b) intangible assets that meet:

(i) the recognition criteria of IAS 38 Intangible Assets (including the valuation of reliable original cost);

(ii) the criteria established by IAS 38 for conducting revaluations (including the existence of an active market).

The entity will not use these choices for the valuation of other assets or liabilities other than those mentioned.

19. The entity to take first IFRS may have established a cost attached, according to previous GAAP, for some or all of its assets and liabilities, valued at fair value on a particular date, because of some event, such as a privatization or a takeover bid. In that case, may use such measures of fair value, caused by the incident in question, as the cost attributed by IFRS at the date of its occurrence such valuation.

Employee benefits

20. According to IAS 19 Employee, an entity may choose to use the approach of "Banda fluctuation," according to which left some actuarial gains and losses without acknowledging. The retroactive application of this approach would require an entity separate portion recognized and for recognizing the portion of actuarial gains and losses accumulated since the beginning of the plan until the date of transition to IFRS. However, first-time adopter of IFRS may choose to recognize all actuarial gains and losses accrued on the date of transition to IFRS, even if they decide to use the approach of "Banda fluctuation" to treat gains and losses actuarial post. If an entity that adopts IFRS for the first time decided to be so, apply to all plans.

20A. An entity may disclose the amounts required by paragraph (p) of paragraph 120A as they identify themselves, prospectively from the date of transition.

Differences cumulative

21. IAS 21 Effects of Changes in exchange rates of foreign currency requires an entity:

(a) classify some differences conversion as a separate component of equity;

(b) transfer, abandon or dispose when a foreign operation, the difference in conversion related (including, if appropriate, gains and losses related to hedges) to the income statement as part of the gain or loss resulting of the disposal or abandonment.

22. However, the entity to take first IFRS does not need to comply with this requirement, on the cumulative differences that existed at the date of transition to IFRS. If the adoptive parent for the first time makes use of this exemption:

(a) the cumulative differences of all businesses abroad were considered invalid on the date of transition to IFRS;

(b) the loss or gain on the disposal or subsequent abandonment of a foreign operation, excludes conversion differences that have arisen before the date of transition to IFRS, and will include conversion of the differences that have arisen after the same.

Financial Instruments compounds

23. IAS 32 Financial Instruments: Presentation requires an entity to decompose the compound financial instruments, from the beginning, in its separate components of liabilities and net worth. If the liability component has ceased to exist, the retroactive application of IAS 32 implies the separation of two portions of equity. A portion will be retained earnings and represent the sum of total interest earned on the liability component. The other portion will represent the original component of equity. However, according to the IFRS, a first-time adopter not needs to separate these two portions if the liability component has ceased to exist on the date of transition to IFRS.

Assets and liabilities of subsidiaries, associates and joint ventures

24. If a dependent adopt IFRS after his dominant, the subsidiary will assess the assets and liabilities in its financial statements, choosing from the following treatments:

(a) the carrying amounts had been included in the consolidated financial statements of the dominant, established at the time of transition from dominant to IFRS, regardless of adjustments arising from the consolidation process and the effects of combination business in which the dominant acquired the subsidiary, or

(b) the carrying amounts required by the rest of the IFRS, established on the date of transition to IFRS of the subsidiary. These amounts may differ from those described in paragraph (a) above:

(i) where the exemptions under IFRS this will lead to value depends on the date of transition to IFRS.

(ii) where the accounting policies applied in the financial statements of the subsidiary differ from those used in the consolidated financial statements. For example, the dependent can be used as accounting policy modeled after cost of IAS 16 Property, plant and equipment, while the group can use the model revaluation.

The associate or joint venture to adopt IFRS for the first time, have a similar option, although at a later date to which you've done it on the entity that has significant influence or control in conjunction with others.

25. However, if an entity adopts IFRS for the first time after her dependent (or associate or joint venture), it will assess, in its consolidated financial statements, assets and liabilities of the subsidiary (or associate or joint venture) the same carrying amounts contained in the financial statements of the subsidiary (or associate or joint venture), after making adjustments as appropriate to consolidate or apply the equity method, as well as those relating to the effects of business combination in which such an entity acquired the subsidiary. Likewise, if a dominant adopts IFRS for the first time in their individual financial statements, sooner or later that their consolidated financial statements, assess their assets and liabilities for the same amounts in both financial statements, except for the consolidation adjustments.

Designation of previously recognized financial instruments

25A. IAS 39 Financial Instruments: Recognition and Measurement, allows a financial asset may be designated at the time of its initial recognition, as available for sale or a financial instrument (provided it meets certain criteria) is designated as a financial asset or a financial liability at fair value through profit or loss. However, should take into account the following exceptions,

(a) enables institutions to make the designation as available for sale on the date of transition to IFRS.

(b) An entity to submit its first financial statements under IFRS for an annual exercise which is beginning from September 1, 2006 - allowing the entity designated by the date of transition to IFRS, to any financial asset or financial liability as at fair value through profit or loss, provided that the asset or liability met at that time the criteria of paragraphs 9 (b) (i), 9 (b) (ii) or 11A of the IAS 39.

(c) An entity to submit its first financial statements under IFRS for an annual exercise which is beginning from January 1, 2006 but before September 1, 2006 - allowing the entity designated by the date Transition to IFRS, any financial asset or financial liability as at fair value through profit or loss, provided that the asset or liability met at that time the criteria of paragraphs 9 (b) (i), 9 (b) (ii) or 11A of IAS 39. When the date of transition to IFRS prior to September 1, 2005, these designations do not need to be completed until September 1, 2005, and may also include financial assets and financial liabilities recognized between the date of transition to IFRS and September 1, 2005.

(d) An entity to submit its first financial statements under IFRS for an annual period beginning before January 1, 2006 and applies paragraphs 11A, 48A, GA4B to GA4K, GA33A and GA33B, as well as changes in 2005 to paragraphs 9, 12 and 13 of IAS 39 - allowing the designated entity at the beginning of his first reporting period under IFRS, as at fair value through profit or loss to any financial asset or liability Financial fulfilling the conditions for such an appointment on that date in accordance with the above paragraphs new and modified. When the first reporting period under IFRS of the entity starts before September 1, 2005, these appointments need not completed until September 1, 2005, and may also include financial assets or financial liabilities recognized from the beginning of that year and September 1, 2005. If an entity Restated comparative information according to IAS 39, this information to restate financial assets, liabilities, groups of financial assets, financial liabilities or both, who were appointed at the beginning of his first reporting period under the IFRS. This restatement of comparative information will be made only if the items or groups of items designated had fulfilled the criteria for such designation, set out in paragraphs 9 (b) (i), 9 (b) (ii) or 11A of IAS 39, on the date of transition to IFRS or, having been acquired after the date of transition, had fulfilled the criteria of paragraphs 9 (b) (i), 9 (b) (ii) or 11A on the date of recognition Initial.

(e) For an entity to submit its first financial statements under IFRS for any year beginning before September 1, 2006 - notwithstanding the provisions of paragraph 91 of IAS 39, for any financial assets and financial liabilities that the entity had designated as at fair value through profit or loss in accordance with paragraphs (c) or (d) above and that were previously designated as hedged items in a relationship accounting fair value hedge, the designation is revoked made for those relationships while also designated as at fair value through profit or loss.

Transactions involving share-based payment

25 B. It is advisable, but not required, the entity that adopts IFRS for the first time, to apply IFRS 2 Share-based payment to the equity instruments that were granted with effect from November 7, 2002 whose conditions for the immutability (or consolidation) are met before the later of (a) the date of transition to IFRS and (b) on January 1, 2005. However, if an adoptive parent for the first time decided to apply IFRS 2 to these equity instruments, can do so only if the entity has publicly reported fair value of these equity instruments, in particular the valuation date, as defined in the IFRS 2. For all the concessions of equity instruments to which it has not been applied IFRS 2 (e.g. equity

instruments granted after 7 November 2002), a first-time adopter disclose, however, the information required in Paragraphs 44 and 45 of IFRS 2. If the adoptive parent for the first time amend the terms or conditions of a grant of equity instruments to which IFRS 2 have not been implemented, the entity need not apply paragraphs 26 to 29 of IFRS 2 if the amendment had place before the later of (a) the date of transition to IFRS and (b) on January 1, 2005.

25 C. It is recommended, but not required, the entity that adopts IFRS for the first time, to apply IFRS 2 to liabilities arising from transactions with payments based on actions that were settled before the date of transition to IFRS. He was also recommended, but not obliged, the adopter for the first time, to apply IFRS 2 to liabilities that were cancelled before January 1, 2005. In the case of liabilities which had been applied IFRS 2, a first-time adopter is not obliged to restate comparative information, that information is associated with a period or a date that is before November 7, 2002 **.**

Insurance Contracts

25 D. The first-time adopter may apply the transitional provisions of IFRS 4 Insurance Contracts. In IFRS 4 are restricted changes in accounting policies followed in insurance policies, including changes that could make a first-time adopter.

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

25 E. The IFRS 1 Changes in existing decommissioning liabilities and similar restoration requires that specific changes in a liability for decommissioning, restoration or similar, add or deduct the cost of the asset concerned, the depreciable amount of assets will be adjusted, from Thereafter, on a prospective amortized over its remaining lifetime. The entity to take first IFRS is not obliged to comply with these requirements for changes in these liabilities that have occurred prior to the date of transition to IFRS. If the adoptive parent for the first time using this exception:

(a) assess liabilities at the date of transition to IFRS in accordance with IAS 37;

(b) to the extent that liabilities are within range of IFRS 1, the estimated amount that would have been included in the cost of the asset when it emerged corresponding liabilities for the first time, and deducted the amount that date using its best estimate of historical discount rate, adjusted for risk, which would have been applied to such liabilities over the intervening period;

(c) accumulated depreciation calculated on that amount until the date of transition to IFRS, based on the current estimate of the useful life of assets, using the depreciation policy adopted by the entity IFRS.

IFRIC 4 determining whether an arrangement contains a lease

25F An institution that adopts IFRS for the first time can implement the transitional provision of IFRIC 4 Determining whether an arrangement contains a lease. Accordingly, the entity can determining whether an existing agreement on the date of transition to IFRS contains a lease, after considering the facts and circumstances existing at that date.

Ratings for the fair value of financial assets and financial liabilities

25G. Except as provided in paragraphs 7 and 9, an entity may apply the requirements of the GA last sentence of paragraph 76 of IAS 39, and paragraph 76 GA A of any of the following ways:

(a) prospectively to transactions entered into after October 25, 2002, or

(b) prospectively to transactions entered into after January 1, 2004.

Exceptions to the retroactive application of other IFRS

26. This IFRS 26 prohibits the retroactive application of some aspects of other IFRS relating to:

(a) lower financial assets and financial liabilities (paragraph 27);

(b) hedge accounting (paragraphs 28 to 30);

(c) estimates (paragraphs 31 to 34);

(d) classified as assets held for sale and discontinued operations.

Lower financial assets and financial liabilities

27. With the exception permitted in paragraph 27 A, the entity that adopts IFRS for the first time, apply the criteria of low accounts collected in IAS 39, prospectively, for transactions that take place from 1 January 2004. That is, if an entity that adopts first IFRS accounts give off assets or financial liabilities that are not derived in accordance with its previous GAAP, as a result of a transaction that occurred prior to January 1, 2004, will not recognize these assets and liabilities according to IFRS (unless they meet the requirements for recognition as a result of a transaction or incident later).

    27A. Regardless of the provisions of paragraph 27, an entity may apply the requirements of low accounts of IAS 39, retroactively from a date at the option of the entity, provided that the information needed to apply IAS 39 to assets and liabilities Financial derecognized as a result of past transactions was obtained at the time of initial recognition of these transactions.

Hedge

28. On the date of transition to IFRS, as required by IAS 39, Financial Instruments: Recognition and Measurement, an entity:

    (a) shall measure all derivatives at fair value;

    (b) must remove all deferred gains and losses from derivatives, which had been registered under previous GAAP as assets or liabilities.

29. In its opening balance sheet IFRS, the entity must not reflect a hedging relationship that does not fulfill the conditions to be as IAS 39 (as, for example, in many hedging relationships where the hedging instrument is an effective tool or option issued, or where the hedged item is a net position or where it covers the risk of interest in an investment held to maturity). However, if the entity reported a net position as a hedged item under previous GAAP, may point to one single item in this position Net as a hedged item under IFRS, provided you do so after the date of transition to IFRS.

30. If, before the date of transition to IFRS, an entity has designated a transaction as a hedge, but it does not fulfill the conditions for hedge accounting set out in IAS 39, the entity shall apply the provisions of paragraphs 91 and 101 of IAS 39 to discontinue hedge accounting related to it. The transactions took place before the date of transition to IFRS is not designated as hedges retroactively.

Estimable

31. **Estimates according to IFRS, on the date of transition, will be consistent with estimates made by the same date under previous GAAP (after making the necessary adjustments to reflect any differences in accounting policies), unless there is objective evidence that these estimates were wrong.**

32. After the date of transition to IFRS, the entity can receive information on estimates made under previous GAAP. According to paragraph 31, the entity will seek the receipt of such information in the same way that events after the balance sheet date that do not involve adjustments according to IAS 10 events after the balance sheet date. For example, it can be assumed that the date of transition to IFRS of the entity is January 1, 2004, and that the new information received on July 15, 2004, requires the revision of an estimate made according to GAAP to be applied the December 31, 2003. The entity will not reflect this new information in its opening balance sheet IFRS (unless such precise estimate of adjustments to reflect differences in accounting policies, or any objective evidence that had errors). Instead, the entity will reflect this new information in the income statement (or, if appropriate, as other changes in equity) for the year ended December 31, 2004.

33. An entity may need to make estimates according to IFRS, on the date of transition, which were not mandatory at that date under previous GAAP. To achieve consistency with IAS 10, these estimates under IFRSs reflect conditions that existed at the date of transition. In particular, the estimates made on the date of transition to IFRS on market prices, interest rates or exchange rates reflect market conditions at that time.

34. Paragraphs 31 to 33 shall apply to the opening balance sheet under IFRS. They also apply to the comparative periods presented in the first financial statements according to IFRS, in which case references to the date of transition to IFRS will be replaced by references at the end of the comparative period.

Assets classified as held for sale and discontinued operations

34 A. IFRS 5 requires its prospective application to non-current assets (or groups disposition of elements) that meet the criteria for classification as held for sale, as well as activities that meet the criteria for classification as discontinued after the entry into force of IFRS. IFRS 5 allows the entity to implement the requirements of the same to all non-current assets (or groups disposition of elements) that meet the criteria for classification as held for sale, as well as activities that meet the criteria for classification interrupted as at any date prior to the entry into force of IFRS, provided they have the ratings and other information needed to implement IFRS, obtained in moments in which the abovementioned criteria are met.

34 B. An institution whose date of transition to IFRS prior to January 1, 2005, will apply the transitional provisions of IFRS 5. An institution whose transition to IFRS takes place from January 1, 2005, IFRS 5 apply retroactively.

Disclosure and Presentation

35. This IFRS 35 does not contain exemptions relating to disclosure and presentation for other IFRS.

Comparative Report

36. To comply with IAS 1 Presentation of Financial Statements, the first financial statements under IFRS of the entity will include at least one year of comparative information in accordance with IFRS.

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

36 A. The entity that adopts IFRS before January 1, 2006 shall, in its first financial statements, at least one year of comparative information, but there is no need for this information complies with IAS 32, IAS 39 or IFRS 4. The entity chooses to present its comparative information without compliance with IAS 32, IAS 39 or IFRS 4 in the first year of transition:

(a) implement the requirements concerning the recognition and valuation of its previous GAAP in this comparative information on financial instruments that are within the scope of IAS 32 and 39, as well as in the present on insurance contracts that are within range of IFRS 4;

(b) disclose that fact, together with the criteria used to prepare this information;

(c) disclose the nature of the major adjustments needed to ensure that the information complied with IAS 32, IAS 39 and IFRS 4. The entity need not quantify those adjustments. However, treat any adjustment in the balance between the filing date of the comparative period (i.e. the balance sheet that includes comparative information under previous GAAP) and the balance at the beginning of the first period presentation under IFRS (i.e., The first period to include information that complies with IAS 32, IAS 39 and IFRS 4) as a change from accounting policy, revealing the information required by paragraphs (a) to (e) and (f) (i) of paragraph 28 of IAS 8. Accounting policies, changes in accounting estimates and errors. Paragraph (f) (i) of paragraph 28 will apply only to amounts that occur in the balance sheet date information comparative period.
In the case of an entity that has chosen to present comparative information that does not comply with IAS 32, IAS 39 and IFRS 4, references to the 'date of transition to IFRS' mean, only if these Rules, the beginning of the first period presentation under IFRS. These entities must comply with paragraph (c) of paragraph 15 of IAS 1, to disclose additional information when meeting the specific requirements of IFRS is insufficient to allow users to understand the impact of certain transactions, as well as other events and conditions in the financial position and performance of the entity.

Exemption from the requirement to submit information for comparative IFRS 6

36B.If an entity adopted IFRS before January 1, 2006 and decided to apply IFRS 6 Exploration and evaluation of mineral resources before January 1, 2006 will not be necessary to implement the requirements of IFRS 6 to comparative information presented in its first financial statements under IFRS.

Exemption from the requirement to disclose information regarding the comparative IFRS 7

36C.An institution that adopts IFRS before January 1, 2006, and has chosen to adopt IFRS 7 Financial Instruments: Disclosures in its first financial statements according to IFRS, need not submit the information required by the comparative IFRS 7 in those financial statements.

Historical summaries

37. Some 37 entities present historical summaries of selected data for previous years to one in which comparative information presented as full IFRS. This IFRS does not require that these summaries meet the requirements for recognition and valuation of IFRS. In addition, some entities present comparative information in accordance with previous GAAP, as well as comparative information required by IAS 1. In the event that the financial statements containing a summary of historical data and comparative information in accordance with previous GAAP, the entity:

(a) be prominently identified as such information is not prepared under IFRS;

(b) disclose the nature of the major adjustments that we should practice to comply with IFRS. The entity need not quantify those adjustments.

Explanation of the transition to IFRS

38. The entity will explain how the transition from previous GAAP to IFRS has affected the previously reported as financial position, results and cash flows.

Reconciliations

39. To comply with paragraph 38, the first financial statements under IFRS include:

(a) reconciliations of its equity, under previous GAAP, with the resulting IFRS for each of the following dates:

(i) the date of transition to IFRS;

(ii) the end of last year contained in the most recent financial statements that the entity has submitted applying the previous GAAP.

(b) a reconciliation of profit or loss made under previous GAAP, for the last financial year contained in the most recent financial statements of the entity, with its profit or loss according to IFRS for that year;

(c) whether the entity proceeded to recognize or reverse impairment losses in the value of assets for the first time in preparing its opening balance sheet IFRS, to disclose information that would have been required, according to IAS 36 Impairment of Value the Assets, if such an entity would have recognized impairment losses of assets, or for reversals in the exercise which began with the date of transition to IFRS.

40. Reconciliations required by paragraphs (a) and (b) of paragraph 39, will be made with sufficient detail to allow users understanding of the significant adjustments made in the balance sheet and the income statement. If an entity presented a cash flow statement as

its previous GAAP, also explain the significant adjustments to it.

41. If the entity had knowledge of errors in the information prepared in accordance with GAAP previous reconciliations required by paragraphs (a) and (b) of paragraph 39 distinguish between the correction of such errors and changes in accounting policies.

42. IAS 8 does not address changes in accounting policies arising from the first adoption of IFRS. Therefore, the requirements to disclose information about changes in accounting policies, which contains the IAS 8, are not applicable in the first financial statements under IFRS of the entity.

43. If an institution did not submit financial statements in previous years, disclose that fact in its first financial statements under IFRS.

Designation of financial assets or financial liabilities

43A. In accordance with paragraph 25A, an entity is allowed to designate a financial asset or financial liability previously recognized as a financial asset or financial liability recorded at fair value through profit or loss or as a financial asset available for sale. The entity shall disclose the fair value of financial assets or financial liabilities designated in each category at the date of appointment, as well as sorting and carrying amount in the previous financial statements.

Using fair value as deemed cost

44. If, in its opening balance sheet IFRS, the entity uses the fair value as deemed cost for an item of property, plant and equipment, for an investment or for an intangible asset (see paragraphs 16 and 18), the first financial statements IFRS disclose, for each item listed as a separate line within the opening balance sheet IFRS:

(a) the cumulative total of such fair values;

(b) adjustment to the amount accumulated in books submitted under previous GAAP.

Interim financial reporting

45. In order to comply with paragraph 38, if the entity provides an interim financial report, according to IAS 34 interim financial reporting, for part of the year covered by its first financial statements presented in accordance with IFRS, will satisfy the following requirements additional to those contained in IAS 34:

(a) If the entity interim financial reports submitted to the comparable interim period immediately preceding the year in which interim financial information, included reconciliations relating to:

(i) its net assets at the end of the interim period comparable under previous GAAP, with equity IFRS at that date;

(ii) loss or gain obtained in this period comparable (both the data in the current year as the year's accumulated so far), using the previous GAAP, the gain or loss

IFRS for that period.

(b) In addition to the reconciliations required by (a) in the first interim financial report this as IAS 34, for part of the year covered by its first financial statements according to IFRS, the entity will include reconciliations described in paragraphs (a) and (b) of paragraph 39 (supplemented with details required under paragraphs 40 and 41), or a reference to another document published which include such reconciliations.

46. IAS 34 requires that certain information disclosure requirements, which are based on the assumption that users of the interim reports also have access to the most recent annual financial statements. However, IAS 34 also requires an entity to disclose information 'about the events or transactions that are significant to understanding the current interim period'. Therefore, if the adoptive parent for the first time did not disclose, in its most recent annual financial statements prepared in accordance with previous GAAP, meaningful information for the understanding of the interim period, it must do so within the interim financial reporting, or included in the same a reference to another document that contains published.

Effective Date

47. The entity shall apply the IFRS if its first financial statements according to IFRS relate to a period beginning on or after January 1, 2004. Earlier application is encouraged. If first financial statements of the entity IFRS relate to a financial year beginning before January 1, 2004, and the entity apply the IFRS instead of SIC-8 applications for the first time as the basis of IAS of Accounting, disclose that fact.

Appendix A

Definition of Terms

This appendix is an integral part of IFRS.

Date of transition to IFRS

The year starts oldest for which the entity presenting format complete comparative IFRS within its financial statements presented in accordance with IFRS.

Cost attributed

An amount is used as a substitute for the cost or the depreciated cost at the date determined. In the subsequent depreciation or amortization the entity use the initially recognized asset or liability at certain date, and that this cost was equivalent to the cost attributed.

Fair value

The amount by which an asset could be exchanged or cancelled a liability among stakeholders and duly informed in a transaction realizable arm's length.

First financial statements in accordance with the IFRS

The first annual financial statements in which an entity adopts International Financial Reporting (IFRS), through declaration, explicit and unreserved compliance with IFRS.

Entity adopts IFRS for the first time (or first-time adopter)

The entity that presents its first financial statements in accordance with IFRS.

International Financial Reporting Standards (IFRS)

Rules and Interpretations adopted by the Council of International Accounting Standards (IASB). These standards include:

(a) International Financial Reporting Standards;

(b) International Accounting Standards;

(c) Interpretations, whether caused by the Committee on International Standards Interpretations of Information Financier (IFRIC), or the old Interpretations (SIC).

Balance opening IFRS

The stock of the entity (published or not) on the date of transition to IFRS.

Previous GAAP

The basis of accounting that the entity to take last for the first time, used immediately before applying IFRS.

Date
Presentation
First reporting period under IFRS

The end of last year covered by financial statements or by an interim financial report.
The reporting period ending on the date of submission of first financial statements as per IFRS.

Appendix B

Business Combinations

This appendix is an integral part of IFRS.

B1. An institution that adopts IFRS for the first time may choose not to apply retroactively to IFRS 3 Business Combinations to combinations made in the past (i.e. business combinations that occurred before the date of transition to IFRS). However, if the adoptive parent for the first time any business combination restated to comply with IFRS 3, also restate all business combinations after the same and also apply IAS 36 Impairment of Assets (revised 2004) and IAS 38 Intangible Assets (revised 2004) from the same date. For example, if an entity that adopts for the first time choose the restatement of a business combination that occurred on June 30, 2002, restate all combinations that have taken place between June 30, 2002 and the date of transition to IFRS, and therefore also apply IAS 36 (revised 2004) as IAS 38 (revised 2004) since June 30, 2002.

B1A. The entity need not apply retroactively IAS 21 Effect of changes in exchange rates of foreign currency, adjustments for application of fair value or the goodwill that have emerged in business combinations that occurred before the date Transition to IFRS. If the institution is not applied, retroactively, IAS 21 such adjustments or the goodwill, considered as assets and liabilities of the entity and not as assets and liabilities of the acquired. Therefore, these adjustments for implementation of fair value and goodwill, or are already denominated in the functional currency of the entity, are either non-monetary foreign currency, which accounted for using the exchange rate used as GAAP earlier.
B1b An entity may apply IAS 21, retroactively to adjustments for application of fair value and the goodwill they appear:

(a) all business combinations that have occurred prior to the date of transition to IFRS, or, alternatively

(b) all business combinations that the entity has chosen restated to comply with IFRS 3, as is allowed in the previous paragraph B1.

B2. If the adoptive parent for the first time IFRS 22 does not apply retroactively to a business combination, this fact has the following implications for this combination:

(a) The entity that adopts IFRS for the first time, retain the same classification (as an acquisition by the legal acquirer, as a reverse acquisition by the company acquired legally or as a uniting of interests) which took its financial statements prepared in accordance with previous GAAP.

(b) The adoptive parent for the first time recognize all its assets and liabilities at the date of transition to IFRS, which had been acquired or entered into a business combination passing, which are different from:

> (i) some financial assets and financial liabilities that were low under previous GAAP (see paragraph 27);
>
> (ii) assets, including goodwill, and liabilities that were not recognized in the consolidated balance sheet of the purchaser under the previous GAAP, nor meet the conditions for

recognition under IFRS, the balance in individual the acquired (see paragraphs (f) and (i) above B2).

The entity to take first IFRS recognize any changes resulting adjusting retained earnings (or, if appropriate, another category of equity),

Unless such a change appropriate recognition of an intangible asset that was previously included in goodwill (see (i) of paragraph (g) above B2)

(c) The adoptive parent for the first time excluded from its opening balance sheet IFRS every game, recognized under previous GAAP, which do not meet the conditions for recognition as assets and liabilities under IFRS. The adopter for the first time counted the resulting changes as follows:

(i) The entity to take first IFRS could in the past have classified a business combination as an acquisition, and could be recognized as intangible asset that any item fails to comply with the conditions for recognition as an asset according to IAS 38 Intangible Assets. It should reclassify this game (and, if necessary, minority interests and related deferred tax) as part of goodwill (unless they had deducted the goodwill, in accordance with previous GAAP, directly from equity, see Point (i) of paragraph (g) and paragraph (i) above B2).

(ii) The entity that adopts IFRS for the first time recognized in retained earnings all other changes resultantes.1 *

(d) IFRS require a subsequent valuation of certain assets and liabilities using a different basis to original cost as fair value. The first-time adopter assess such assets and liabilities, in the opening balance sheet IFRS, using that basis, even if the items were acquired or assumed in a past business combination. Recognize any resulting change in the carrying amount adjusting retained earnings (or, if appropriate, another category of equity) instead of goodwill.

(e) Immediately after the business combination, the carrying amount in accordance with previous GAAP, the assets acquired and liabilities assumed in this business combination will be its deemed cost under IFRSs on that date. If IFRS require, at a later date, an assessment based on the cost of these assets and liabilities, attributed this cost will be the basis for depreciation or amortization based on the cost, from the date of the business combination.

(f) If an asset acquired, or a liability assumed in a past business combination was not recognized under previous GAAP, will not have a cost attached zero in the opening balance sheet under IFRS. Instead, the acquirer will recognize and appreciate, in its consolidated balance sheet, using the basis that it would have been required under IFRS in the company's balance sheet gained. As an example: if the purchaser does not have, as their previous GAAP, capitalized leases acquired in a past business combination, proceed to capitalize on its consolidated financial statements, as IAS 17 leases had compelled to do so company gained in its financial statements under IFRS. By contrast, if an asset or liability was included, under previous GAAP, goodwill, but if it had been applied IFRS 3 has been recognized separately, may remain as active or passive component of that goodwill, IFRS unless forced to recognize in the financial statements of the acquired.

(g) In the opening balance sheet IFRS, the carrying amount of goodwill will be the carrying amount at the date of transition under previous GAAP, after the three following adjustments:

(i) if required by paragraph (i) of paragraph (c) above B2, a first-time adopter increase the carrying amount of goodwill as appropriate to reclassify a game that recognized as intangible asset according to GAAP earlier. Likewise, if paragraph (f) of this paragraph B2 requires the adopter for the first time recognizing an intangible asset that was included in goodwill recognized under GAAP earlier, will reduce its carrying amount (and, if necessary, adjust to minority interests and related deferred tax).

(ii) A contingency affecting the amount of the contribution of the purchase, in a

(iii) Regardless of whether there was any indication of impairment of goodwill,

(h) There shall be effected on the date of transition to IFRS, no further adjustment in the carrying amount of

(i) to exclude a provision of ongoing research and development acquired in that combination of

(ii) to adjust the amortization of goodwill previously carried out;

(iii) to reverse adjustments of goodwill not allowed under IFRS 3, but practiced as

(i) If, in accordance with previous GAAP, the entity that adopts IFRS for the first time recognized the

(i) not recognize this goodwill in its opening balance sheet under IFRS.

(ii) The adjustments arising from the subsequent resolution of a contingency, which affects the

(j) The adoptive parent for the first time, following its previous GAAP, could not have consolidated a

(i) the participation of the dominant figures in these books, once adjusted;

(ii) the cost, in the separate financial statements of the dominant of its investment in the

(k) The valuation of the minority interest and deferred taxes resulting from the valuation of other assets and liabilities. Therefore, adjustments described above for recognized assets and liabilities affecting minority interests and deferred taxes.

B3. The exemption referred to the previous business combinations will also apply to previous purchases of investments in associates and shares in joint ventures.

B4. In addition, the date selected on the basis of paragraph B1 applies equally to all these acquisitions.