

CICA handbook – accounting revisions release no. 18 December 2002

ACCOUNTING RECOMMENDATIONS

Income statement, Section 1520

Paragraph 1520.02(b) amended to provide a reference to revised Section 3475.

Paragraph 1520.03(f) amended to include the requirements of revised Section 3475.

Business combinations, paragraph 1581.50

Amended to clarify that the words "to the extent the excess is eliminated" apply to all of paragraph 1581.50(a).

Subsidiaries, Section 1590

Paragraph 1590.12 deleted. An enterprise acquired with the intent that it be disposed of is now accounted for in accordance with revised Section 3475 and not as a temporary investment.

Paragraph 1590.21 amended to refer to the requirements of revised Section 3475 for assets classified as held for sale.

Interim financial statements, paragraph 1751.14

Amended paragraph 1751.14(g) to include impairment write-downs and the disposal of non-monetary long-lived assets in the list of items for which the same disclosures are made in interim financial statements as in annual financial statements.

Added paragraph 1751.14(j) to confirm that the disclosure of pro forma net income and pro forma earnings per share required by STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS, Section 3870, should be disclosed for each interim period for which financial statements are produced.

Interests in joint ventures, Section 3055

Paragraph 3055.25 amended to replace a reference to the discontinued operations requirements of former Section 3475 with a reference to the requirements of revised Section 3475 for assets classified as held for sale.

Paragraph 3055.31 amended to introduce terminology consistent with new Section 3063.

Property, plant and equipment, Section 3061

Paragraphs 3061.38-.53 and .57 deleted as a result of issuing new Section 3063. Former paragraphs 3061.54-.63 renumbered 3061.38-.47.

The following Recommendations formerly appeared in this Section:

- .38 ♦ *When the net carrying amount of an item of property, plant and equipment, less related accumulated provision for future removal and site restoration costs and future income taxes, exceeds the net recoverable amount, the excess should be charged to income.* [DEC. 1990 *]
- .39 ♦ *A write-down should not be reversed if the net recoverable amount subsequently increases.* [DEC. 1990]
- .57 ♦ *The amount of any write-down of an item of property, plant and equipment, should be disclosed in the financial statements for the period in which the write-down is made (see INCOME STATEMENT, Section 1520).* [DEC. 1990 *]

Goodwill and other intangible assets, Section 3062

Paragraph 3062.18 amended to replace a reference to Section 3061 with a reference to Section 3063.

Paragraph 3062.29 amended to clarify how to identify reporting units in enterprises not required to report segment information in accordance with SEGMENT DISCLOSURES, Section 1701.

Paragraphs 3062.55-.62 added to introduce differential reporting options. Former paragraphs 3062.55-.69 renumbered 3062.63-.77.

Impairment of long-lived assets, Section 3063 [APRIL 2003]

New. Replaces the write-down provisions of PROPERTY, PLANT AND EQUIPMENT, Section 3061.

Employee future benefits, Section 3461

Paragraphs 3461.113, .127, .136, .137, .138 and .144 amended (as a consequence of the deletion of paragraph 3461.143) to remove exceptions to the Recommendations in those paragraphs that were directly related to a discontinued operation.

The following Recommendation was deleted as a result of issuing revised Section 3475:

- .143 ♦ *When a settlement or curtailment gain or loss or the cost of special or contractual termination benefits, including post-employment benefits, is directly related to a discontinued operation, it should be included with, and recognized as part of, the gain or loss associated with that discontinued operation in accordance with the Recommendations in DISCONTINUED OPERATIONS, Section 3475. [OCT. 2000]*

Paragraph 3461.144 also amended to provide a reference to revised Section 3475.

Disposal of long-lived assets and discontinued operations, Section 3475 [MAY 2003]

Revises and replaces DISCONTINUED OPERATIONS, Section 3475, and the disposal provisions of PROPERTY, PLANT AND EQUIPMENT, Section 3061.

The definition of discontinued operations that was formerly in Section 3475 was "operations of a business segment that has been sold, abandoned, shut down or otherwise disposed of, or that is the subject of a formal plan of disposal."

The following Recommendations formerly appeared in Section 3475:

- .06 ♦ *The results of discontinued operations should be included in net income and reported separately for the current and prior periods (see INCOME STATEMENT, Section 1520). [JAN. 1990]*
- .07 ♦ *The results of discontinued operations should include and separately disclose the following, net of applicable income taxes:*
- (a) *the results of the operations prior to the measurement date; and*
 - (b) *the net gain or loss from discontinued operations other than any extraordinary gain or loss (see EXTRAORDINARY ITEMS, Section 3480). [JAN. 1990]*
- .08 ♦ *The net gain or loss from discontinued operations should include both the actual or estimated gain or loss on disposal, and the actual or estimated results of operations, if any, between the measurement date and the disposal date. A net loss from discontinued operations should be provided for at the measurement date whereas a net gain should be recognized only when realized. [JAN. 1990]*
- .12 ♦ *Income taxes applicable to the results of discontinued operations prior to the measurement date, and to the net gain or loss from discontinued operations, should each be disclosed separately. [JAN. 1990]*
- .13 ♦ *The following information should also be disclosed:*
- (a) *the identity and nature of the business segment that has been discontinued or is the subject of a formal plan of disposal;*
 - (b) *the measurement date and either the disposal date or the period expected to be required for disposal;*
 - (c) *the actual or expected manner of disposal;*
 - (d) *a description and the carrying value by major class of the remaining assets and liabilities of the discontinued business segment at the balance sheet date; and*
 - (e) *revenue applicable to the discontinued operations for the reporting period. [JAN. 1990]*

Extraordinary items, Section 3480

Paragraph 3480.11 amended as a result of issuing revised Section 3475 so that gains and losses relating to the disposal of a component of an entity are not treated as an extraordinary item, even if the events giving rise to the disposal meet the definition of an extraordinary item.

Paragraph 3480.14 amended to deal with the effective date of the change in paragraph 3480.11.

Non-monetary transactions, Section 3830

Paragraphs 3830.09 and .12 amended as a result of issuing revised Section 3475 to recognize impairment losses on non-monetary exchanges and transfers of long-lived assets.

Related party transactions, paragraph 3840.14

Amended to replace a reference to Section 3061 with a reference to Section 3063.

Stock-based compensation and other stock-based payments, paragraph 3870.65

Amended to clarify that the relevant disclosures are required in the annual financial statements.

ACCOUNTING GUIDELINE

Development stage enterprises (AcG-11)

Amended paragraph 12 to be consistent with the impairment provisions of new Section 3063 rather than those previously in Section 3061.

Amended paragraph 15 to make the list of conditions consistent with new Section 3063.

Amended paragraph 19 to be consistent with new Section 3063.

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