

CICA handbook – accounting revisions release no. 30 September 2004

ACCOUNTING RECOMMENDATIONS

Business combinations, paragraph 1581.A31

Amended to remove an implication that all use rights are necessarily intangible assets.

Interim financial statements, paragraph 1751.14(k)

Amended to clarify that the disclosure requirement pertains to the "total amount of defined benefit cost" recognized, as determined by EMPLOYEE FUTURE BENEFITS, paragraph 3461.070. The former wording of paragraph 1751.14(k) was as follows:

♦ *The interim financial statements should disclose the total benefit cost determined by EMPLOYEE FUTURE BENEFITS, Section 3461. [JUNE 30, 2004 †]*

Interests in joint ventures, paragraph 3055.02

Amended to clarify that joint ventures within the scope of AcG-15 are excluded from the scope of Section 3055.

Goodwill and other intangible assets, paragraph 3062.15(b)

Amended to remove the example of mineral rights, as this may have implied they are necessarily an intangible asset.

Share capital, paragraph 3240.01

Amended to indicate that the Section need not be applied by open-ended investment companies.

Surplus, paragraph 3250.04

Amended to indicate that the Section need not be applied by open-ended investment companies.

Employee future benefits, Section 3461, Example 2 — Disclosures

Amended Situation I so that the amount shown for "total cash payments" includes the cash contributed to the multiemployer defined benefit plan. Also added a table to show the derivation of "total cash payments". Deleted the transaction dealing with "additional termination costs" to simplify the illustration.

Amended Situations I and II to show the derivation of the amount of defined contribution plan cost for plans providing pension benefits.

ACCOUNTING GUIDELINES

Consolidation of variable interest entities (AcG-15)

Amended paragraphs 3 and 4 to clarify the scope of the Guideline and provide additional scope exceptions, and added new paragraph 30 to require additional disclosures in respect of one of the additional scope exceptions, resulting in the renumbering of subsequent paragraphs.

Amended paragraph 5 to modify the definition of a "variable interest" and add definitions of "business" and "controlling financial interest."

Amended paragraphs 7 and 9 to modify the conditions for identifying a variable interest entity.

Amended paragraphs 11 and 19 to modify and clarify the basis for reconsidering a previous determination of whether an entity is a variable interest entity.

Amended paragraph 12 to modify the basis for determining expected losses and expected residual returns.

Amended paragraph 13 to clarify the basis on which an equity investment at risk comprising less than 10 percent of total assets is assessed to determine whether it is sufficient to permit an entity to finance its activities without additional subordinated financial support.

Amended paragraph 20 to clarify the meaning of a de facto agency relationship.

Amended paragraph 21 to modify the basis for determining which enterprise within a related group is the primary beneficiary of an entity when the related group collectively holds variable interests that will absorb a majority of the entity's expected losses or receive a majority of the entity's expected residual returns, or both.

Amended paragraph 25 to clarify that goodwill is recognized on initial consolidation of a variable interest entity only when the entity is a business.

Deleted former paragraph 32, which had required that certain information be disclosed prior to the initial application of the Guideline's consolidation requirement.

Added paragraphs 35 and 36 to provide further guidance for the initial application of the Guideline.

Amended certain other paragraphs to clarify the text or conform with the amendments noted above.

Amended Appendix B substantially and added Appendices C and D and the Decision Tree to provide additional application guidance.

Investment companies (AcG-18)

Added definition of open-ended investment companies to paragraph 2.

Amended paragraphs 12 and 16 and deleted former paragraph 17 to conform to the amendments to AcG-15.

EIC ABSTRACTS

Costs incurred on business combinations (EIC-42)

Status amended on June 18, 2004 to state this Abstract is applicable only to business combinations between co-operatives and will be withdrawn once Section 1581 becomes effective for co-operative enterprises.

Lessee's accounting for costs of leased property no longer of use to the lessee (EIC-53)

Liability recognition for costs to exit an activity (including certain costs incurred in a restructuring) (EIC-60)

Withdrawn on September 1, 2004; replaced by EIC-135 which applies to all exit or disposal activities initiated after March 31, 2003.

Goodwill disclosures (EIC-64)

Status amended on June 18, 2004 to state this Abstract is applicable only to goodwill disclosures of co-operatives and will be withdrawn once Section 3062 becomes effective for co-operative enterprises.

Liability recognition for costs incurred on purchase business combinations (EIC-114)

Amended on September 1, 2004 to delete references to EIC-60.

Accounting for shares that provide investors with a sale right (EIC-148)

Issued on July 30, 2004.

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