

**CICA handbook – accounting
highlight summary no. 26
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HIGHLIGHT SUMMARY

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

Stock-based compensation and other stock-based payments, Section 3870

This Section has been amended to require the expensing of all stock-based compensation awards for fiscal years beginning on or after January 1, 2004, except for entities other than public enterprises, co-operative enterprises, deposit-taking institutions and life insurance enterprises for which the effective date is deferred until the start of fiscal years beginning on or after January 1, 2005.

The amendments to the Section do not change the requirements to expense stock-based transactions with non-employees, equity-settled stock appreciation rights and awards settled in cash or other assets. Those requirements were in effect for fiscal years beginning on or after January 1, 2002. Although the Section encouraged the expensing of all other stock-based awards, it permitted enterprises to disclose their effect on earnings on a pro forma basis only. This election has been eliminated.

Accounting guideline

Amended

- Consolidation of variable interest entities (AcG-15)

EIC Abstracts

New

- Accounting for retained interests by the transferor in a securitization transaction accounted for as a sale under AcG-12 (EIC-139)
- Accounting for operating leases acquired in either an asset acquisition or a business combination (EIC-140)

Amended

- Accounting for trading, speculative or non-hedging derivative financial statements (EIC-128)

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