

## **CICA handbook – accounting revisions release no. 24 July 2003**

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### **ACCOUNTING RECOMMENDATIONS**

#### **Introduction to Accounting Recommendations**

Amended Application paragraphs to reflect the fact that new Section 1100 provides guidance about the role of professional judgment and the requirements of a governing statute. Former wording of paragraph 1 was as follows:

In issuing Recommendations, the Accounting Standards Board recognizes that no rule of general application can be phrased to suit all circumstances or combination of circumstances that may arise, nor is there any substitute for the exercise of professional judgment in the determination of what constitutes fair presentation or good practice in a particular case.

Replaced text describing italicized type with a reference to paragraph 1100.13, which describes the relationship between italicized and non-italicized paragraphs.

#### **Financial statement concepts, paragraphs 1000.59-.61**

Deleted as a result of issuing new Section 1100. Former paragraphs 1000.59-.61 are set out in a supplement to Section 1500 in Superseded Accounting Recommendations.

#### **Generally accepted accounting principles, Section 1100 [OCT. 2003]**

New.

#### **General standards of financial statement presentation, Section 1400 [OCT. 2003]**

Revises and replaces Section 1500.

#### **General standards of financial statement presentation, Section 1500**

This Section has been re-filed under Superseded Accounting Recommendations.

#### **Accounting changes, paragraph 1506.12**

Amended to delete the words "or legislative pronouncements" as a result of including guidance about the status of regulatory, legislative or contractual requirements in new Section 1100.

#### **Current assets and current liabilities, paragraph 1510.08**

Amended to update the reference to new Section 1400.

#### **Income statement, paragraph 1520.01**

Amended to clarify that the income statement should present fairly "in accordance with generally accepted accounting principles" as required by new Section 1400. Former wording of paragraph 1520.01 was as follows:

♦ *The income statement should present fairly the results of operations for the period.*

#### **Cash flow statements, Section 1540**

Amended Appendices as a result of standards in new Section 1400, regarding comparative information. Renamed and amended Appendix A and Appendix B to conform with status of illustrative material described in new Section 1100.

#### **Subsidiaries, paragraph 1590.17**

Amended to clarify that any other information necessary for fair presentation is "in accordance with generally accepted accounting principles" as required by new Section 1400.

#### **Interim financial statements, Section 1751**

Amended paragraphs 1751.05 and 1751.14(i) to clarify that interim financial statements present fairly "in accordance with generally accepted accounting principles" the financial position, results of operations and cash flows of an entity for an interim period as required by new Section 1400.

Also amended paragraph 1751.14(i) to provide further guidance linking to the concepts in FINANCIAL STATEMENT CONCEPTS, Section 1000. Former wording of paragraph 1751.14(i) was as follows:

♦ *An enterprise should include at least the following information in its interim financial statements, when applicable:*

...

- (i) *The interim financial statements should present any other information required for fair presentation of financial position, results of operations or cash flows for the interim period (see GENERAL STANDARDS OF FINANCIAL STATEMENT PRESENTATION, Section 1500). [JAN. 2001]*

**Long-term debt, paragraph 3210.07**

Amended to update the reference to new Section 1400.

**Introduction to accounting recommendations that apply only to not-for-profit organizations**

Amended to conform with status of illustrative material described in new Section 1100.

**Financial statement presentation by not-for-profit organizations, paragraph 4400.05**

Amended to clarify that fair presentation is "in accordance with generally accepted accounting principles" as required by new Section 1400.

**ACCOUNTING GUIDELINES****Introduction to Accounting Guidelines**

Amended Authority paragraphs to describe Guidelines and their status in accordance with new Section 1100. Also amended to conform terminology with Section 1100.

Deleted Application paragraph as new Section 1100 provides guidance about the role of professional judgment. Former wording of this paragraph was as follows:

In issuing Guidelines, the Board recognizes that there is no substitute for the exercise of professional judgment in the determination of what constitutes fair presentation or good practice in a particular case.

**Financial reporting by property and casualty insurance companies (AcG-3)**

Paragraph 19 amended to update terminology from "Accounting Recommendations in the CICA Handbook" to "primary sources of GAAP (see GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section 1100)". Also deleted the requirement to disclose accounting policies which differ from generally accepted accounting principles as a result of the deletion of FINANCIAL STATEMENT CONCEPTS, paragraph 1000.61, and GENERAL STANDARDS OF FINANCIAL STATEMENT PRESENTATION, paragraph 1500.06, which removed the ability (and the related disclosure requirements) for an entity to depart from a Handbook Recommendation when following that Recommendation would result in misleading financial statements.

**Enterprises in the development stage (AcG-11)**

Paragraph 1 amended to clarify that fair presentation is "in accordance with generally accepted accounting principles" as required by new Section 1400. Deleted the outdated sentence stating that the "Guideline assists enterprises in the development stage to apply Accounting Recommendations".

**EIC ABSTRACTS****Income tax considerations in applying the goodwill impairment test in CICA 3062 (EIC-136)**

Issued on May 15, 2003.

**Recognition of customer relationship intangible assets acquired in a business combination (EIC-137)**

Issued on June 10, 2003.

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