

CICA handbook – accounting highlight summary no. 45 June 2007

HIGHLIGHT SUMMARY

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

General standards of financial statement presentation, Section 1400

This Section has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are applicable to all entities and are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier adoption is encouraged.

Superseded Accounting Recommendations

Included with this release is INVENTORIES, Section 3031, which supersedes INVENTORIES, Section 3030.

To give Handbook readers continued access to superseded Section 3030, this Section is refiled with Superseded Accounting Recommendations. A Supplement has been appended to Section 3030, setting out the previous wording of paragraphs in other Sections that have been amended substantially as a result of approving new Section 3031. The superseded Section will be withdrawn from the Handbook when it is no longer effective.

Inventories, Section 3031

This Section, which replaces the former INVENTORIES, Section 3030, establishes standards for the measurement and disclosure of inventories. It provides the Canadian equivalent to International Financial Reporting Standard IAS 2, "Inventories."

The main features of the new Section are:

- Measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost, including allocation of overheads and other costs to inventory.
- Cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects, assigned by using a specific identification of their individual costs.
- Consistent use (by type of inventory with similar nature and use) of either first-in, first-out (FIFO) or weighted average cost formula to measure the cost of other inventories.
- Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories.
- Specific guidance for certain inventories held by not-for-profit organizations.

The Section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier application is encouraged.

EIC Abstract

New

- Accounting by an investor upon a loss of significant influence (EIC-165)

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