

CICA handbook – accounting revisions release no. 21 March 2003

ACCOUNTING RECOMMENDATIONS

Impaired loans, Section 3025

Replaced paragraphs 3025.38-.47 with paragraphs 3025.38-.41 so that the accounting for long-lived foreclosed assets held for sale is consistent with DISPOSAL OF LONG-LIVED ASSETS AND DISCONTINUED OPERATIONS, Section 3475. Former wording of paragraphs 3025.38-.41 was as follows:

- .38 ♦ *When an entity forecloses on a loan, the assets acquired and held for sale should be measured initially at the lower of:*
- (a) *the recorded investment in the loan foreclosed; and*
 - (b) *the estimated net proceeds from sale of the assets.*

Any difference between the carrying amount of the loan prior to foreclosure and the amount at which the foreclosed assets are measured initially should be recognized by a charge or credit to the income statement. [FEB. 1995]

- .39 ♦ *When an entity receives revenues or incurs costs relating to the operation of foreclosed assets held for sale, or incurs costs for betterment of such assets, the net amount of those revenues and costs should be included in the recorded investment in the loan foreclosed. [FEB. 1995]*

- .40 ♦ *Foreclosed assets held for sale should be measured subsequent to foreclosure at the lower of:*

- (a) *the recorded investment in the loan foreclosed adjusted for revenues received and costs incurred subsequent to foreclosure; and*
- (b) *the estimated net proceeds from sale of the assets.*

Changes in the carrying amount of foreclosed assets held for sale should be recognized in the period in which they arise by charges or credits to the income statement. [FEB. 1995]

- .41 ♦ *When an entity forecloses on a loan, the assets acquired and held for the production of income should be measured initially at the lower of:*

- (a) *the recorded investment in the loan foreclosed; and*
- (b) *the fair value of the assets.*

Any difference between the carrying amount of the loan prior to foreclosure and the amount at which the foreclosed assets are measured initially should be recognized by a charge or credit to the income statement. [FEB. 1995]

Added disclosure requirements in former paragraph 3025.48 and deleted requirement in former paragraph 3025.48(b). Wording of former paragraph 3025.48 was as follows:

- .48 ♦ *The following information should be disclosed in the financial statements:*

- (a) *the total recorded investment in individual loans identified as impaired and the amount of the related allowance for loan impairment, analyzed by groups of loans with similar characteristics;*
- (b) *the total recorded investment in foreclosed assets held for sale and the amount of the related allowance for loan impairment;*
- (c) *the recorded investment in each group of loans against which an allowance for loan impairment has been established collectively and the amount of the related allowance for loan impairment;*
- (d) *the net charge or credit to income in respect of loan impairment, identifying separately recoveries of loans written off in previous periods;*
- (e) *write-offs of loans during the reporting period, identifying separately amounts relating to loans restructured during the reporting period; and*
- (f) *for loans accounted for in accordance with paragraph .27(a), the amount included in interest income. [FEB. 1995]*

Former paragraphs 3025.38-.48 are set out in a supplement in Superseded Accounting Recommendations.

Former paragraphs 3025.48-.60 renumbered 3025.42-.54.

Added new paragraphs 3025.55 and .56 to provide transitional guidance on new paragraphs 3025.38-.41.

Property, plant and equipment, Section 3061

Paragraph 3061.05 amended to clarify that the cost of an item of property, plant and equipment includes any asset retirement cost accounted for in accordance with new Section 3110.

Paragraph 3061.35 replaced and paragraphs 3061.36-.37 and 3061.43 deleted as a result of issuing new Section 3110. Former wording of paragraph 3061.35 was as follows:

- .35 ♦ *When reasonably determinable, provisions should be made for future removal and site restoration costs, net of expected recoveries, in a rational and systematic manner by charges to income.* [DEC. 1990]

Former paragraphs 3061.35-.37 and .43 are set out in a supplement in Superseded Accounting Recommendations.

Impairment of long-lived assets, Section 3063

Paragraph 3063.07 amended to include guidance formerly in paragraph 3063.08. Paragraph 3063.08 replaced to provide guidance for applying the impairment test to an asset that includes an asset retirement cost in its carrying amount.

Asset retirement obligations, Section 3110 [JAN. 2004]

New.

Capital assets held by not-for-profit organizations, Section 4430

Paragraph 4430.05(d) amended to clarify that the cost of a capital asset includes any asset retirement cost accounted for in accordance with new Section 3110.

Paragraph 4430.25 replaced and paragraphs 4430.26-.27 deleted as a result of issuing new Section 3110. Former wording of paragraph 4430.25 was as follows:

- .25 ♦ *When reasonably determinable, provisions for future removal and site restoration costs, net of expected recoveries, should be recognized as expenses in a rational and systematic manner.* [APRIL 1997]

Former paragraphs 4430.25-.27 are set out in a supplement in Superseded Accounting Recommendations.

ACCOUNTING GUIDELINE

Full cost accounting in the oil and gas industry (AcG-5)

Paragraphs 4(g), 7, 8 and 28 amended to replace discussion of future removal and site restoration costs with discussion of asset retirement costs, as a result of issuing new Section 3110.

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