

CICA handbook – accounting, part I

highlight summary no. I.15

May 2012

Introduction to Part I

The Introduction has been amended to revise the mandatory date for first-time adoption of International Financial Reporting Standards (IFRSs) by entities with rate-regulated activities to fiscal years beginning on or after January 1, 2013.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Government Loans (Amendments to IFRS 1), issued by the International Accounting Standards Board (IASB) in March 2012, amended this standard to provide relief for first-time adopters from the retrospective application of IFRSs when accounting for loans received from governments at a below-market rate of interest.

Paragraphs 39N, 39O and B10-B12 have been added and paragraph B1 has been amended to permit first-time adopters to apply the requirements in IFRS 9 *Financial Instruments* and IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to IFRSs.

The amendments are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IFRS 7 Financial Instruments: Disclosures

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7), issued by the IASB in December 2011, amended this standard to provide additional information about offsetting of financial assets and financial liabilities.

Paragraphs 13A-13F and B40-B53 have been added to require disclosures that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. An entity provides information including the gross amounts subject to rights of set-off, amounts set off in accordance with the offsetting criteria, amounts of financial instruments subject to master netting arrangements or similar agreements, and the related net amounts to meet the disclosure objective.

These amendments are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7), issued by the IASB in December 2011, amended these standards to defer the effective date of IFRS 9 and provide additional disclosures about its initial adoption.

The mandatory effective date of IFRS 9 has been changed to annual periods beginning on or after January 1, 2015. Transition guidance in paragraph 7.2.10 has been amended to provide transition relief on the application of the effective interest method to financial liabilities. Paragraph 7.2.14 has been amended to extend the transition relief for entities adopting the standard early.

Disclosures that illustrate the effect of adopting IFRS 9 have been added to IFRS 7. Paragraph 44I has been amended to include disclosures about financial liabilities. Paragraphs 44S-44W were added to provide additional detail if the entity elects to apply the transition relief available on early adoption of IFRS 9.

The amendments to IFRS 9 have been incorporated into the standard and the amendments to IFRS 7 have been incorporated into Appendix C of IFRS 9.

IAS 32 Financial Instruments: Presentation

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), issued by the IASB in December 2011, amended this standard to address inconsistencies identified in applying some of the offsetting criteria.

Paragraph AG38 has been deleted and paragraphs AG38B-AG38F have been added to clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

These amendments are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

Other Editorial Changes and Corrections Introduced in May 2012

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