

CICA handbook – accounting revisions release no. 29

June 2004

ACCOUNTING RECOMMENDATIONS

Differential reporting, Section 1300

Amended paragraph 1300.16 to clarify that an entity should only have one set of general purpose financial statements. The former wording of paragraph 1300.16 was as follows:

- .16 ♦ *An enterprise should select only one set of accounting policies, including differential reporting options, in any particular year for purposes of reporting to the owners. When an enterprise prepares an additional set of financial statements using different accounting policies for tax or other purposes, those financial statements should include a reference to the owners' financial statements.* [JAN. 2002]

Transitional provisions paragraphs 1300.22 and 1300.23 are no longer italicized to conform with Section 1100.

SUPERSEDED ACCOUNTING RECOMMENDATIONS

Supplement to Impaired loans, Section 3025

Withdrawn.

The superseded Recommendations reproduced in the Supplement are set out in HANDBOOK REVISIONS RELEASE No. 21.

Capital assets, Section 3060

Withdrawn.

The following Recommendations formerly appeared in Section 3060:

- .18 ♦ *A capital asset should be recorded at cost.* [DEC. 1990]
- .31 ♦ *Amortization should be recognized in a rational and systematic manner appropriate to the nature of a capital asset with a limited life and its use by the enterprise. The amount of amortization that should be charged to income is the greater of:*
(a) *the cost less salvage value over the life of the asset; and*
(b) *the cost less residual value over the useful life of the asset.* [DEC. 1990]
- .32 ♦ *When the useful life of a capital asset other than land is expected to exceed 40 years, but cannot be estimated and clearly demonstrated, the amortization period should be limited to 40 years.* [DEC. 1990]
- .37 ♦ *The amortization method and estimates of the life and useful life of a capital asset should be reviewed on a regular basis.* [DEC. 1990]
- .39 ♦ *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]
- .42 ♦ *When the net carrying amount of a capital asset, less related accumulated provision for future removal and site restoration costs and future income taxes, exceeds the net recoverable amount, the excess should be charged to income.* [DEC. 1990 *]
- .43 ♦ *A write down should not be reversed if the net recoverable amount subsequently increases.* [DEC. 1990]
- .58 ♦ *For each major category of capital assets there should be disclosure of:*
(a) *cost;*
(b) *accumulated amortization, including the amount of any write downs; and*
(c) *the amortization method used, including the amortization period or rate.* [DEC. 1990]
- .59 ♦ *The net carrying amount of a capital asset not being amortized, because it is under construction or development, or has been removed from service for an extended period of time, should be disclosed.* [DEC. 1990]
- .60 ♦ *The amount of amortization of a capital asset charged to income for the period should be disclosed.* (See INCOME STATEMENT, Section 1520.) [DEC. 1990]
- .61 ♦ *The amount of any write down of a capital asset, should be disclosed in the financial statements for the period in which the write down is made.* (See INCOME STATEMENT, Section 1520.) [DEC. 1990]
- .64 ♦ *When an enterprise has a capital asset which was recorded at an appraised value prior to the effective date of this Section, the following additional requirements apply:*

- (a) *the basis of the valuation and the date of the appraisal should be disclosed;*
- (b) *charges against income should be based on the appraised value; and*
- (c) *appraisal increase credits should be shown as a separate item in shareholders' equity. The appraisal increase should be transferred to retained earnings in amounts equal to the realization of appreciation through sale or the amortization provision. The basis of any transfer to retained earnings should be disclosed.* [DEC. 1990]

EIC ABSTRACTS

Changes in reporting currency (EIC-11)

Withdrawn on June 1, 2004; replaced with EIC-130, effective on July 1, 2002.

Phantom stock option plans (EIC-37)

Stock-based compensation plans — disclosures (EIC-98)

Withdrawn on June 1, 2004 as a result of Section 3870 becoming effective on January 1, 2003 for all enterprises.

Share purchase loans (EIC-44)

Withdrawn on June 1, 2004; replaced with EIC-132, effective on January 1, 2003.

Exchangeable debentures (EIC-56)

Amended third issue on March 19, 2004 to conform to paragraph 19 of AcG-13, which deals with items ineligible for hedge accounting.

CICA 3465 transitional provisions (EIC-108)

Withdrawn on June 1, 2004 as a result of Section 3465 becoming effective on January 1, 2002 for all enterprises.

Basis of accounting for assets acquired upon the formation of an income trust (EIC-145)

Flow-through shares (EIC-146)

Issued on March 19, 2004.

Implementation of accounting changes resulting from the application of CICA 1100 (EIC-147)

Issued on April 19, 2004.

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