

Financial instruments, Section 3856

- .37 An enterprise shall disclose relevant enterprise-specific information that enables users of its financial statements to evaluate the significance of financial instruments to its financial position and performance. Information is relevant and enterprise-specific when it is considered significant based on the enterprise's current exposure.

Financial assets

- .38 An enterprise shall disclose the carrying amounts of each of the following categories of financial instruments, either on the face of the balance sheet or in the notes:
- (a) financial assets measured at amortized cost;
 - (b) financial assets measured at fair value; and
 - (c) investments in equity instruments measured at cost less any reduction for impairment.

- .39 Accounts and notes receivable shall be segregated so as to show separately trade accounts, amounts owing by related parties and other unusual items of significant amount. The amounts and, when practicable, maturity dates of accounts maturing beyond one year shall be disclosed separately.

Transfers of receivables

- .40 If an enterprise has transferred financial assets during the period and accounts for the transfer as a sale (see Appendix B), it shall disclose:
- (a) the gain or loss from all sales during the period;
 - (b) the accounting policies for:
 - (i) initially measuring any retained interest (including the methodology used in determining its fair value); and
 - (ii) subsequently measuring the retained interest; and
 - (c) a description of the transferor's continuing involvement with the transferred assets, including, but not limited to, servicing, recourse and restrictions on retained interests.

- .41 If an enterprise has transferred financial assets in a way that does not qualify for derecognition (see Appendix B), it shall disclose:
- (a) the nature and carrying amount of the assets;
 - (b) the nature of the risks and rewards of ownership to which the enterprise remains exposed; and
 - (c) the carrying amount of the liabilities assumed in the transfer.

Impairment

- .42 For financial assets other than current trade receivables, an enterprise shall disclose the carrying amount of impaired financial assets, by type of asset, and the amount of any related allowance for impairment. For current trade receivables (see CURRENT ASSETS AND LIABILITIES, Section 1510), an enterprise shall disclose the amount of any allowance for impairment.

Forgiveness

- .42A If an enterprise recognizes the forgiveness of a related party financial asset in net income, as a result of applying the criteria in paragraph 3856.19AA(b)(ii), it shall disclose that fact and the nature of the transaction that gave rise to the financial asset.

Financial liabilities

- .43 For bonds, debentures and similar securities, mortgages and other long-term debt, an enterprise shall disclose:
- (a) the title or description of the liability;
 - (b) the interest rate;
 - (c) the maturity date;
 - (d) the amount outstanding, separated between principal and accrued interest;
 - (e) the currency in which the debt is payable if it is not repayable in the currency in which the enterprise measures items in its financial statements; and
 - (f) the repayment terms, including the existence of sinking fund, redemption and conversion provisions.
- .44 An enterprise shall disclose the carrying amount of any financial liabilities that are secured. An enterprise shall also disclose:
- (a) the carrying amount of assets it has pledged as collateral for liabilities; and

- (b) the terms and conditions relating to its pledge.
- .45 An enterprise shall disclose the aggregate amount of payments estimated to be required in each of the next five years to meet repayment, sinking fund or retirement provisions of financial liabilities.
- .46 For financial liabilities recognized at the balance sheet date, an enterprise shall disclose:
- (a) whether any financial liabilities were in default or in breach of any term or covenant during the period that would permit a lender to demand accelerated repayment; and
 - (b) whether the default was remedied, or the terms of the liability were renegotiated, before the financial statements were completed.
- .47 An enterprise that issues any of the following financial liabilities or equity instruments shall disclose information to enable users of the financial statements to understand the effects of features of the instrument, as follows:
- (a) For a financial liability that contains both a liability and an equity element (see paragraph 3856.21), an enterprise shall disclose the following information about the equity element including, when relevant:
 - (i) the exercise date or dates of the conversion option;
 - (ii) the maturity or expiry date of the option;
 - (iii) the conversion ratio or the strike price;
 - (iv) conditions precedent to exercising the option; and
 - (v) any other terms that could affect the exercise of the option, such as the existence of covenants that, if contravened, would alter the timing or price of the option.
 - (b) For a financial instrument that is indexed to the enterprise's equity or an identified factor, as described in paragraphs 3856.14 and 3856.14A, an enterprise shall disclose information that enables users of the financial statements to understand the nature, terms and effects of the indexing feature, the conditions under which a payment will be made and the expected timing of any payment.
 - (ba) For a related party financial instrument with variable or contingent payments as described in paragraph 3856.08D, an enterprise shall disclose information that enables users of the financial statements to understand the nature, terms and effects of the variable or contingent payments, the conditions under which a payment will be made and the expected timing of any payment.
 - (c) For retractable or mandatorily redeemable shares issued in a tax planning arrangement that are classified as equity as specified in paragraph 3856.23, an enterprise shall disclose:
 - (i) on the face of the balance sheet, the total redemption amount for all classes of such shares outstanding;
 - (ii) the aggregate redemption amount for each class of such shares; and
 - (iii) a description of the arrangement that gave rise to the shares.
 - (d) In addition to the disclosure required for financial liabilities, for retractable or mandatorily redeemable shares issued in a tax planning arrangement that are classified as a financial liability, as specified in paragraph 3856.23, an enterprise shall disclose a description of the arrangement that gave rise to the shares.
 - (e) For retractable or mandatorily redeemable shares issued in a tax planning arrangement that are classified as a financial liability, when the effect of classifying these shares is recorded in retained earnings, an enterprise shall disclose on the face of the balance sheet, the amount charged to retained earnings for all classes of such shares.
- .47A If an enterprise recognizes the extinguishment of a financial liability in a related party transaction in net income, as a result of applying the criteria in paragraph 3856.28A(b)(ii), it shall disclose that fact and the nature of the transaction that gave rise to the financial liability.
- Derivatives**
- .48 An enterprise shall disclose:
- (a) the notional and carrying amounts of all derivative assets measured at fair value;
 - (b) the notional and carrying amounts of all derivative liabilities measured at fair value;
 - (c) the method used to determine the fair value of all derivatives measured at fair value; and
 - (d) the notional and accrued amounts of all interest rate and cross-currency interest rate swaps in designated hedging relationships.
- .49 When an enterprise measures the fair value of a derivative asset or liability using a quote from a derivatives dealer, it discloses that fact and the nature and terms of the instrument.
- .50 An enterprise shall disclose sufficient information about derivatives that are linked to, and must be settled by delivery of, equity instruments of another enterprise whose fair value cannot be readily determined (see paragraph 3856.12(b)(ii)) to permit the reader to assess the potential implications of the contract. This information shall include:
- (a) the name of the issuer of the equity instrument;
 - (b) a description of the equity instrument; and

(c) the terms under which settlement will take place.

Hedge accounting

- .51 An enterprise that designates derivatives as hedging items shall disclose information that enables users of the financial statements to understand the effect of hedge accounting, as follows:
- (a) For a hedge of an anticipated transaction in accordance with paragraph 3856.33, during the term of the hedging relationship, the enterprise discloses the terms of the anticipated transaction including the nature and timing of the hedged item, the terms of the forward contract, the fact that hedge accounting applies and the net effect of the relationship.
 - (b) For a hedge of an interest-bearing asset or liability in accordance with paragraph 3856.34, the enterprise discloses the nature and terms of the hedged item, the nature and terms of the hedging interest rate or cross-currency interest rate swap, the fact that hedge accounting applies and the net effect of the relationship.

Items of income

- .52 An enterprise shall disclose the following items of income, expense, gains or losses either on the face of the statements or in the notes to the financial statements:
- (a) net gains or net losses recognized on financial instruments;
 - (b) total interest income;
 - (c) total interest expense on current financial liabilities;
 - (d) interest expense on long-term financial liabilities, separately identifying amortization of premiums, discounts and financing fees; and
 - (e) the amount of any impairment loss or reversal of a previously recognized impairment loss.

Risks and uncertainties

- .53 For each significant risk (see paragraph 3856.A66) arising from financial instruments, including derivatives, an enterprise shall disclose:
- (a) the exposures to risk and how they arise; and
 - (b) any change in risk exposures from the previous period.
- .53A An enterprise shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the enterprise is exposed at the end of the reporting period.
- .54 For each type of risk arising from financial instruments, an enterprise shall disclose concentrations of risk. Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions (see paragraph 3856.A67).
- .54A An enterprise shall disclose the nature and the carrying amount of the financial instruments, and the notional amount of any derivatives, that are subject to IBOR reform.
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