

## **CICA handbook accounting and auditing highlight summary no. 93 September 1997**

### **HIGHLIGHT SUMMARY**

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

#### **Introduction to Accounting Recommendations**

The introduction is revised to clarify that governments and other entities in the public sector should refer to the Introduction to Public Sector Accounting and Auditing Handbook to determine the appropriate basis of accounting for purposes of their financial reporting.

#### **SUPERSEDED ACCOUNTING RECOMMENDATIONS**

Included with this release is SEGMENT DISCLOSURES, Section 1701, which supersedes SEGMENTED INFORMATION, Section 1700. The new Section is effective for fiscal years beginning on or after January 1, 1998, although early adoption of the new Section is encouraged.

To permit Handbook holders to retain a superseded Section that remains effective for some time following the issuance of a replacement Section, a new tab is provided with this release. A superseded Section such as Section 1700 will be re-filed behind the new tab, together with a supplement setting out the previous wording of paragraphs in other Sections that have been amended substantially as a consequence of approving the new Section. A superseded Section and the related supplement will be withdrawn from the Handbook when it is no longer currently effective.

#### **Segment disclosures, Section 1701**

This new Section supersedes SEGMENTED INFORMATION, Section 1700. The main features of the new Section, which applies to public enterprises, co-operative business enterprises, deposit-taking institutions and life insurance enterprises, are:

- Operating segments for which information is disclosed should be identified on the basis of components used in reporting internally to the enterprise's chief operating decision maker. The Section permits internally reported operating segments to be combined in limited circumstances and also establishes quantitative thresholds for separate disclosure of information about individual operating segments.
- For each reportable operating segment, an enterprise should disclose certain general information about the segment; a measure of its profit or loss and total assets and of certain components of these amounts, determined on the basis used for internal reporting; a reconciliation of these amounts to the corresponding enterprise totals; and an explanation of the measurement policies adopted. Previously disclosed segment information should be restated following a change in the composition of reportable segments unless it is impracticable to do so.
- In addition to providing information about operating segments, an enterprise should disclose on an enterprise-wide basis its revenues from each product and service, or each group of similar products and services, and its revenues and capital assets and goodwill for geographic areas, unless it is impracticable to do so. An enterprise should also disclose the amount of revenue from each individual customer accounting for 10 percent or more of its total revenues and also the identity of the segment or segments reporting the revenue.

The Recommendations should be applied for fiscal years beginning on or after January 1, 1998, although earlier adoption is encouraged. The Recommendations should be applied retroactively to comparative information of prior periods, unless it is impracticable to do so.

An appendix presents sample note disclosures illustrating the principal requirements of the Section and a diagram summarizing the basis for identifying separately reportable operating segments.

#### **Interim financial reporting to shareholders, Section 1750**

This Section has been amended to require disclosure in interim financial reports of certain information about reportable operating segments determined on the basis established by SEGMENT DISCLOSURES, Section 1701.

#### **EIC Abstracts**

New

- Non-monetary transactions in which the transferor receives an equity interest in the transferee (EIC-81)
- Accounting for dual currency bonds (EIC-82)

## **International Standards on Auditing, Section 5101**

This Section has been updated for new and revised International Standards on Auditing (ISAs) and CICA Handbook Sections.

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