

CICA handbook – accounting, part I highlight summary no. I.2 April 2010

Introduction to Part I

The Introduction has been amended to make clear that:

- the Introduction should be read in conjunction with the Preface to the CICA Handbook – Accounting;
- Part I does not contain the International Accounting Standards Board's *International Financial Reporting Standard for Small and Medium-sized Entities*.

Other amendments have been made to both the Introduction and the Preface to improve clarity and remove duplication. These amendments do not affect an entity's application of the standards in Part I.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Paragraphs 39D and E3 have been added to this standard to provide first-time adopters the same relief on transition to IFRSs that those already applying IFRSs received on adopting the March 2009 amendment to IFRS 7 *Financial Instruments: Disclosures*. A consequential amendment has been made to paragraph 44G of IFRS 7. These amendments are effective for fiscal years beginning on or after July 1, 2010. Earlier application is permitted.

IFRS 9 Financial Instruments

This new standard replaces the requirements in IAS 39 *Financial Instruments: Recognition and Measurement* for classification and measurement of financial assets.

IFRS 9 is the first part of a multi-phase project to replace IAS 39.

The main features of the new standard are:

- A financial asset will be:
 - classified on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset;
 - initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and
 - subsequently measured at amortized cost or fair value.
- Reclassification is required when the business model under which the assets are managed changes.
- Gains and losses on investments in equity instruments that are not held for trading may be presented in other comprehensive income if so elected at initial recognition.

IFRS 9 is effective for fiscal years beginning on or after January 1, 2013. Earlier application is permitted.

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