

## **CICA handbook – accounting highlight summary no. 28 March 2004**

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### **HIGHLIGHT SUMMARY**

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

#### **Employee future benefits, Section 3461**

This Section has been amended to improve and expand the disclosure requirements for employee future benefits.

The annual disclosure requirements for defined benefit plans have been amended to include:

- clarification on the accounting policy disclosures that should be made;
- a description of the type of plans;
- the date used to measure the plan assets and the benefit obligations;
- the effective date of the last (as well as the next required) actuarial valuation for funding purposes;
- the components of costs recognized (in addition to the total) showing separately the costs incurred for the period and the accounting adjustments to allocate costs to different periods so as to recognize the long-term nature of employee future benefits;
- the balance sheet classification of the accrued benefit asset or liability;
- a reconciliation of the accrued benefit obligation to the balance sheet asset or liability;
- the actual allocation of plan assets by major asset category;
- separate disclosure of the discount rate used to determine the net benefit cost and that used to determine the accrued benefit obligation; and
- the effects of a one-percentage-point increase and decrease in the assumed health care cost trend rates.

Disclosure of the total cash amount initially recognized in the period as paid or payable for that period for employee future benefits has been added to the requirements.

Relief from certain disclosures is provided for entities other than public enterprises, co-operative organizations, deposit-taking institutions and life insurance enterprises.

The amended disclosure requirements are effective for fiscal years ending on or after June 30, 2004. Earlier application is encouraged.

The amendments do not change any recognition or measurement requirements currently in the Section.

#### **Accounting guidelines**

Amended

- Consolidation of variable interest entities (AcG-15)
- Investment companies (AcG-18)

#### **EIC Abstracts**

Amended

- FASB Statement of Financial Accounting Standards No. 133, Accounting for derivative instruments and hedging activities (EIC-117)
- Accounting for severance and termination benefits (EIC-134)

New

- Revenue recognition (EIC-141)
  - Revenue arrangements with multiple deliverables (EIC-142)
  - Accounting for separately priced extended warranty and product maintenance contracts (EIC-143)
  - Accounting by a customer (including a reseller) for certain consideration received from a vendor (EIC-144)
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