CICA handbook – accounting, part I
highlight summary no. I.9
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Introduction to Part I

The Introduction has been amended to:

- revise the mandatory date for first-time adoption of International Financial Reporting Standards (IFRSs) by investment companies and segregated accounts of life insurance enterprises to fiscal years beginning on or after January 1, 2013;
- differentiate between the effective date of this Part for not-for-profit organizations and for all other types of reporting entity adopting it; and
- clarify that there may be circumstances in which an entity adopts this Part after the mandatory date specified, in which case the entity looks to IFRS 1 *First-time Adoption of International Financial Reporting Standards* to determine when it must first prepare financial statements using IFRSs.

With regard to the last point above, a corresponding amendment has been made to the Preface to the CICA Handbook – Accounting, to clarify that entities permitted to choose between IFRSs and the standards in another Part of the Handbook can do so at any time.

IFRS 1 First-time Adoption of International Financial Reporting Standards

This standard was amended by the International Accounting Standards Board (IASB) in December 2010 regarding *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*.

Paragraphs 31C and D26-D30 have been added and paragraph D1 amended to provide guidance for entities emerging from severe hyperinflation, and paragraphs B2 and D20 have been amended to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs.

These amendments are effective for annual periods beginning on or after July 1, 2011. Earlier application is permitted.

IFRS 9 Financial Instruments

This standard was amended by the IASB in October 2010 to provide guidance on the classification and reclassification of financial liabilities in sections 4.2 and 4.4, respectively, their measurement in section 5.3 and the presentation of gains and losses on financial liabilities designated at fair value through profit and loss in section 5.7. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income. Measurement of the portion of the gain or loss attributable to changes in credit risk is consistent with IFRS 7 *Financial Instruments: Disclosures*.

IFRS 9, as amended, also includes guidance previously in IAS 39 *Financial Instruments: Recognition and Measurement* dealing with:

- the requirements for derecognition of financial assets in section 3.2 and financial liabilities in section 3.3;
- identification and measurement of derivatives embedded in financial liabilities measured at amortized cost and contracts that are outside the scope of IFRS 9 in section 4.3;
- initial measurement of assets under settlement date accounting in section 5.1; and
- the fair value measurement guidance in section 5.4.

The amended standard supersedes IFRS 9, as issued by the IASB in November 2009, and IFRIC 9 *Reassessment of Embedded Derivatives*. The requirements of IFRIC 9 have been incorporated into IFRS 9 and consequential amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

These amendments are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. On adoption, the classification of a financial liability may be changed.

IAS 12 Income Taxes

This standard was amended by the IASB in December 2010 regarding *Deferred Tax: Recovery of Underlying Assets*.

Paragraphs 51C-51E have been added to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model, and paragraph 51B has been added to incorporate the consensus from SIC Interpretation 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* for non-depreciable assets measured using the revaluation model in IAS 16 *Property, Plant and Equipment*.

The amended standard supersedes SIC-21.

These amendments are effective for annual periods beginning on or after January 1, 2012. Earlier application is permitted.