

CICA handbook – accounting highlight summary no. 6 September 2000

HIGHLIGHT SUMMARY

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

International Accounting Standards, Section 1501

The Appendix that compares International Accounting Standards with corresponding Handbook pronouncements has been updated.

Superseded Accounting Recommendations

Included with this release is INTERIM FINANCIAL STATEMENTS, Section 1751, which supersedes INTERIM FINANCIAL REPORTING TO SHAREHOLDERS, Section 1750. The new Section is effective for interim periods in fiscal years beginning on or after January 1, 2001. However, enterprises other than public enterprises, co-operative organizations, deposit-taking institutions and life insurance enterprises may defer application of the Recommendations of Section 1751 until interim periods in fiscal years beginning on or after January 1, 2002.

To give Handbook readers continued access to superseded Section 1750, this Section is re-filed with Superseded Accounting Recommendations. The superseded Section will be withdrawn from the Handbook when it is no longer effective.

Interim financial statements, Section 1751

This new Section supersedes INTERIM FINANCIAL REPORTING TO SHAREHOLDERS, Section 1750. It establishes standards for interim financial statements prepared by profit-oriented enterprises in accordance with generally accepted accounting principles.

The new Section sets out the minimum components of interim financial statements and the periods for which each component should be presented, which are:

- a balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding fiscal year;
- income statements for the current interim period and cumulatively for the current fiscal year to date, with comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year;
- a statement of retained earnings cumulatively for the current fiscal year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding fiscal year; and
- cash flow statements for the current interim period and cumulatively for the current fiscal year to date, with comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year.

The Section requires that an enterprise's interim financial statements include, at a minimum, the headings and subtotals included in its most recent annual financial statements, the line items required by other Sections in annual financial statements, and certain specified note disclosures. The required note disclosures provide a description of events and transactions significant to an understanding of the changes in an enterprise's financial position and its performance since the end of its most recently completed fiscal year.

The new Section requires that an enterprise apply the same accounting policies and methods of their application in its interim financial statements as in its most recent annual financial statements, with a few specified exceptions. Accordingly revenues and costs should be accrued and deferred at an interim period end on the same basis as at a year end. Changes in accounting policy should be reflected on a retroactive basis from the beginning of the fiscal year in which they are made.

Section 1751 includes two appendices providing authoritative guidance for applying the Recommendations to various circumstances that an enterprise may encounter in practice.

The Recommendations of Section 1751 should be applied to interim financial statements for interim periods in fiscal years beginning on or after January 1, 2001. Earlier application is encouraged. Enterprises other than public enterprises, co-operative organizations, deposit-taking institutions and life insurance enterprises may defer application of the Recommendations until interim periods in fiscal years beginning on or after January 1, 2002.

Income taxes, Section 3465

The effective date has been deferred for certain enterprises pending further study by the Accounting Standards Board.

Financial instruments — disclosure and presentation, Section 3860

The effective date of certain Recommendations has been deferred for certain enterprises pending further study by the Accounting Standards Board.

EIC Abstracts

Amended

- Liability recognition for costs to exit an activity (including certain costs incurred in a restructuring) (EIC-60)
- Future income taxes in business combinations that do not involve the recognition of goodwill as an intangible asset presented separately on the balance sheet (EIC-99)

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