

Part II – Accounting Standards for Private Enterprises

Revised to: Update No. 40 (12/25)

Introduction to Part II

Basis for Conclusions

March 2011

- II.1 The Preface to the CPA Canada Handbook – Accounting (Handbook) defines the various categories of reporting entity and specifies which Part of the Handbook applies to each category. This Introduction provides information specific to the use of Part II and should be read in conjunction with the Preface.

AUTHORITY

- II.2 The Accounting Standards Board has approved the standards set out in Part II of the Handbook as accounting standards for private enterprises. 1

FIRST-TIME ADOPTION

- II.3 First-time adoption of this Part of the Handbook is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2011. Adoption of this Part for earlier fiscal years is permitted.
- II.4 The mandatory date specified in paragraph II.3 does not apply to private enterprises that initially apply the International Financial Reporting Standards in Part I of the Handbook and subsequently adopt this Part of the Handbook. In such cases, this Part applies from the date chosen by the entity. The entity determines when it must first prepare financial statements using the standards in this Part in accordance with FIRST-TIME ADOPTION, Section 1500.
- II.5 When the end of an entity's annual reporting period does not coincide with the end of a calendar year, the mandatory date for first-time adoption of this Part is the beginning of the annual reporting period that commences on or after December 21, 2010.

EFFECTIVE DATE OF NEW OR AMENDED STANDARDS

- II.6 Standards being amended remain in force until the effective date of the amendments. New or amended standards may be adopted early unless otherwise specified in the standard.
- II.7 When the end of an entity's annual reporting period does not coincide with the end of a month, the entity should apply new or amended standards in the annual reporting period beginning on or after the 21st of the month immediately preceding the month of the effective date specified in the standard.

BASIS OF ACCOUNTING

- II.8 A private enterprise that prepares its financial statements in accordance with this Part of the Handbook states that they have been prepared in accordance with Canadian accounting standards for private enterprises.
- II.9 A private enterprise that prepares its financial statements in accordance with this Part of the Handbook is permitted, but not required, to make the additional statement that its financial statements are in accordance with Canadian GAAP.

Footnotes

1. The term "private enterprise" is defined in paragraph 3(b) of the Preface and is used in this Part of the Handbook with the meaning specified in the Preface.

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