

CICA handbook – accounting highlight summary no. 40 July 2006

HIGHLIGHT SUMMARY

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

Accounting changes, Section 1506

This Section, which replaces the former ACCOUNTING CHANGES, Section 1506, establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors. It adopts the relevant parts of International Financial Reporting Standard IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors."

The main features of the new Section are:

- Voluntary changes in accounting policy are only made if they result in the financial statements providing reliable and more relevant information.
- Changes in accounting policy are applied retrospectively unless doing so is impracticable (as specified in the Section), or the change in accounting policy is made on initial application of a primary source of GAAP in accordance with specific transitional provisions in that primary source of GAAP. A change in accounting estimate is generally recognized prospectively.
- Material prior period errors are corrected retrospectively.
- New disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors.

The Section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2007. Earlier application is encouraged.

EIC Abstracts

Amended

- A number of Abstracts of Issues Discussed are amended as a consequence of the release of FINANCIAL INSTRUMENTS — RECOGNITION AND MEASUREMENT, Section 3855, and FINANCIAL INSTRUMENTS — DISCLOSURE AND PRESENTATION, Section 3861.

Withdrawn

- Gold loans (EIC-32)

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