

CPA Canada handbook – accounting, part III highlight summary no. III.8

March 2018

(Note: Any changes to previously issued standards are identified in the effective date guidance in each affected standard.)

Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations

This new Section, which replaces TANGIBLE CAPITAL ASSETS HELD BY NOT-FOR-PROFIT ORGANIZATIONS, Section 4431, requires the application of PROPERTY, PLANT AND EQUIPMENT, Section 3061, and ASSET RETIREMENT OBLIGATIONS, Section 3110 in Part II of the Handbook for tangible capital assets held by organizations, and provides guidance on contributed assets and write-downs of assets.

The main changes from Section 4431 are as follows:

- Tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts.
- Examples describe conditions that may indicate impairment of tangible capital assets.
- Disclosure requirements in IMPAIRMENT OF LONG LIVED ASSETS, Section 3063 in Part II, are required for impairments of tangible capital assets.

Section 4433 is effective for annual financial statements relating to fiscal years beginning on or after January 1, 2019. Earlier application is permitted.

Section 4434, Intangible Assets Held by Not-for-Profit Organizations

This new Section, which replaces INTANGIBLE ASSETS HELD BY NOT-FOR-PROFIT ORGANIZATIONS, Section 4432, requires the application of GOODWILL AND INTANGIBLE ASSETS, Section 3064 in Part II of the Handbook for intangible assets held by organizations, and provides guidance on contributed assets and write-downs of assets.

The main changes from Section 4432 are as follows:

- Intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the intangible assets are less than their net carrying amounts.
- Examples describe conditions that may indicate impairment of intangible assets.
- Disclosure requirements in IMPAIRMENT OF LONG-LIVED ASSETS, Section 3063 in Part II, are required for impairments of intangible assets.

Section 4434 is effective for annual financial statements relating to fiscal years beginning on or after January 1, 2019. Earlier application is permitted.

Section 4441, Collections Held by Not-for-Profit Organizations

This new Section, which replaces COLLECTIONS HELD BY NOT-FOR-PROFIT ORGANIZATIONS, Section 4440, requires all collections to be recorded on the statement of financial position at either cost or nominal value.

Section 4441 includes the following additional guidance:

- How to determine the cost of collections, including contributed items of a collection.
- Record an item or an entire collection at nominal value when the accounting policy is to measure collections at cost and cost cannot be reasonably determined for one or more contributed items or collections.
- Write down collections recorded at cost to their fair value or replacement cost to reflect partial impairment of the collections whenever events or changes in circumstances indicate that its net carrying value may exceed fair value.
- Examples describe conditions that may indicate impairment of a collection.
- How to account for the disposal of items in a collection, including the disposal of items contributed to a collection that are subject to external restrictions.
- Disclosures regarding the disposal of collection items, the use of the proceeds from disposed items and the partial write-downs of collections are required.

A consequential amendment made to FIRST-TIME ADOPTION, Section 1501 in Part III, permits a first-time adopter to apply the transitional provisions in new Section 4441.

Section 4441 is effective for annual financial statements relating to fiscal years beginning on or after January 1, 2019. Earlier application is permitted. Retrospective application of Section 4441 is required.

Archived Pronouncements

To give Handbook readers continued access to superseded Sections and paragraphs in other Sections, the Archived Pronouncements set out the wording of those Sections and paragraphs. The archived material will be withdrawn from the Handbook when it is no longer effective.

Withdrawn:

- Supplement relating to amendments to FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 1501.

Other editorial changes and corrections introduced in March 2018

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