

## CICA handbook – accounting revisions release no. 35 June 2005

### ACCOUNTING STANDARDS

In addition to the changes documented below, a number of minor editorial changes have been made to conform wording throughout the Accounting Standards amended.

#### **Business combinations, Section 1581**

Amended paragraph 1581.22 to remove the exception for a transaction that does not represent the culmination of the earnings process. The former wording of paragraph 1581.22 was as follows:

♦ *The cost of the purchase to the acquirer should be determined by the fair value of the consideration given or the acquirer's share of the fair value of the net assets or equity interests acquired, whichever is more reliably measurable, except when the transaction does not represent the culmination of the earnings process* (see NON-MONETARY TRANSACTIONS, paragraph 3830.08). [JULY 2001]

Added paragraph 1581.68 to provide transitional provisions for amended paragraph 1581.22.

#### **Consolidated financial statements, Section 1600**

Renamed and amended Appendices to conform with the status of Appendices and illustrative material, as described in Section 1100.

#### **Comprehensive revaluation of assets and liabilities, Section 1625**

Renamed and amended Appendices to conform with the status of Appendices and illustrative material, as described in Section 1100.

#### **Segment disclosures, Section 1701**

Renamed and amended Appendices to conform with the status of Appendices and illustrative material, as described in Section 1100.

#### **Interests in joint ventures, Section 3055**

Amended paragraph 3055.32 (formerly paragraph 3055.33) to remove a reference to similar productive assets and clarify that transfers of non-monetary assets to joint ventures have commercial substance when the venturers are not related parties prior to the transfer.

Paragraph 3055.32 renumbered as paragraph 3055.33.

Renamed and amended Appendices to conform with the status of Appendices and illustrative material, as described in Section 1100.

#### **Leases, Section 3065**

Renamed and amended Appendices to conform with the status of Appendices and illustrative material, as described in Section 1100.

#### **Disposal of long-lived assets and discontinued operations, paragraphs 3475.05 and 3475.07**

Amended to remove references to exchanges of similar productive long-lived assets.

#### **Non-monetary transactions, Section 3830**

This Section has been re-filed under Superseded Accounting Recommendations.

#### **Non-monetary transactions, Section 3831**

Revises and replaces Section 3830.

The following table shows how the contents of Section 3831 and former Section 3830 correspond:

Former paragraphs	New paragraphs
3830.01	3831.01-.02
3830.02	3831.03
3830.03	3831.04
3830.04	3831.05
3830.05	3831.06

3830.06	3831.16
3830.07	— (paragraph 3830.07 deleted)
3830.08	3831.07
3830.09	— (paragraph 3830.09 deleted)
3830.10	3831.08
3830.11	3831.14
3830.12	3831.15
3830.13	3831.17-.18
3830.14	3831.19

#### **Related party transactions, Section 3840**

Amended paragraph 3840.18 as a result of issuing new Section 3831 to replace references to "culmination of the earnings process" with "commercial substance". The former wording of paragraph 3840.18 was as follows:

♦ *A monetary related party transaction, or a non-monetary related party transaction that represents the culmination of the earnings process, should be measured at the exchange amount when it is in the normal course of operations.* [OCT. 1995]

Added paragraphs 3840.19-.21 to explain the test for commercial substance.

Added paragraph 3840.22 to introduce a requirement to measure related party exchanges of product or property held for sale in the normal course of operations at the carrying amount.

Former paragraphs 3840.19-.24 renumbered as 3840.23-.28.

Deleted former paragraph 3840.25 as a result of issuing new Section 3831.

Amended paragraph 3840.29 (formerly paragraph 3840.26) as a result of issuing new Section 3831 to introduce a test for commercial substance. The former wording of paragraph 3840.26 was as follows:

♦ *A monetary related party transaction, or a non-monetary related party transaction that represents the culmination of the earnings process, that is not in the normal course of operations, should be measured at the exchange amount when both of the following criteria are satisfied:*

- (a) *the change in the ownership interests in the item transferred or the benefit of a service provided is substantive;*  
*and*
- (b) *the exchange amount is supported by independent evidence.* [OCT. 1995]

Former paragraphs 3840.27-.57 renumbered as 3840.30-.60.

Added paragraph 3840.61 to provide transitional provisions for paragraphs 3840.18, .22 and .29.

Renamed and amended Appendices to conform with the status of Appendices and illustrative material, as described in Section 1100.

Amended Decision Tree to reflect amendments to Section 3840.

#### **Pension plans, Section 4100**

Renamed and amended Appendices to conform with the status of Appendices and illustrative material, as described in Section 1100.

#### **Contributions — revenue recognition, Section 4410**

Renamed and amended Appendices to conform with the status of Appendices and illustrative material, as described in Section 1100.

#### **EIC ABSTRACTS**

##### **Transfers of receivables (EIC-9)**

Status amended on May 12, 2005 to clarify its applicability.

##### **Reductions in the net investment in self-sustaining foreign operations (EIC-26)**

Amended on May 12, 2005 to add a note providing guidance relating to operations for which an entity has committed to a plan of disposal.

##### **Transfers of receivables — definition of recourse (EIC-54)**

Status amended on May 12, 2005 to clarify its applicability.

##### **Debtor's accounting for changes in line-of-credit or revolving-debt arrangements (EIC-101)**

Amended on May 12, 2005 to conform wording with EIC-88.

##### **Applying the conditions in CICA 3475.27 in determining whether to report discontinued operations (EIC-153)**

Issued on April 22, 2005.

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