

## CICA handbook – accounting, part II highlight summary no. II.10 October 2013

### Annual improvements to accounting standards for private enterprises

The following standards have been amended as a result of 2013 annual improvements:

- INCOME STATEMENT, paragraph 1520.03(g), has been added to clarify that non-controlling interests are not a deduction in calculating net income.
- CASH FLOW STATEMENT, paragraph 1540.22(a), has been amended to remove the reference to non-controlling interests.
- BUSINESS COMBINATIONS, Section 1582, has been amended as follows:
  - Paragraph 1582.60(b) has been amended to clarify that contingent consideration is remeasured at fair value when the contingency is resolved.
  - Paragraph 1582.62 has been amended and paragraph 1582.62A has been added to require only certain disclosures when the subsidiary is accounted for under the cost or equity method.
- SUBSIDIARIES, paragraph 1590.15, has been amended to clarify that the accounting for a change in ownership interest is based on the accounting policy used to account for the subsidiary.
- NON-CONTROLLING INTERESTS, Section 1602, has been amended as follows:
  - Paragraph 1602.14 has been amended to clarify that non-controlling interests are not a deduction in arriving at net income.
  - Paragraph 1602.14A has been added to clarify the allocation of exchange gains and losses arising from the translation of the financial statements of a self-sustaining foreign operation that are attributable to the non-controlling interests.
- INTERESTS IN JOINT VENTURES, paragraph 3055.17, has been amended to clarify that the accounting for a change in ownership interest is based on the accounting policy used to account for the interests in joint ventures.
- FINANCIAL INSTRUMENTS, Section 3856, has been amended as follows:
  - Paragraph 3856.03(k) has been amended to clarify that contingent consideration is remeasured when the contingency is resolved.
  - Paragraph 3856.A26A has been added to clarify that a financial instrument redeemable only by economic compulsion, rather than contractual requirement, is not classified as a financial liability.
  - Paragraph 3856.A62A has been added to clarify the treatment of hedging relationships using foreign exchange forward contracts that mature before the hedged item is recognized.

These amendments are effective for periods beginning on or after January 1, 2014.

### Archived Pronouncements

To give Handbook readers continued access to superseded paragraphs until such time as they are no longer applicable, supplements in Archived Pronouncements set out the wording of those paragraphs.

The archived material will be withdrawn from the Handbook when it is no longer effective.

Other editorial changes and corrections introduced in October 2013