

CICA handbook – accounting highlight summary no. 53 January 2009

HIGHLIGHT SUMMARY

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

Superseded Accounting Recommendations

Included with this release are BUSINESS COMBINATIONS, Section 1582, CONSOLIDATED FINANCIAL STATEMENTS, Section 1601, and NON-CONTROLLING INTERESTS, Section 1602, which supersede BUSINESS COMBINATIONS, Section 1581, and CONSOLIDATED FINANCIAL STATEMENTS, Section 1600.

To give Handbook readers continued access to superseded Sections 1581 and 1600, these Sections are re-filed with Superseded Accounting Recommendations. A Supplement has been appended to Section 1581 setting out the previous wording of paragraphs in other Sections that have been amended substantially as a result of approving new Section 1582. (BUSINESS COMBINATIONS, Section 1580, remains filed under Superseded Accounting Recommendations, as it continues to be effective for co-operative enterprises until such time as those enterprises apply BUSINESS COMBINATIONS, Section 1582.) The superseded Sections will be withdrawn from the Handbook when they are no longer effective.

Business combinations, Section 1582

This Section, which replaces the former BUSINESS COMBINATIONS, Section 1581, establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations" (January 2008).

The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. If an entity applies this Section before January 1, 2011, it shall disclose that fact and apply CONSOLIDATED FINANCIAL STATEMENTS, Section 1601, and NON-CONTROLLING INTERESTS, Section 1602, at the same time.

Consolidated financial statements, Section 1601

This Section, which, together with new Section 1602, replaces the former CONSOLIDATED FINANCIAL STATEMENTS, Section 1600, establishes standards for the preparation of consolidated financial statements.

The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts BUSINESS COMBINATIONS, Section 1582, and NON-CONTROLLING INTERESTS, Section 1602.

Non-controlling interests, Section 1602

This new Section establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, 'Consolidated and Separate Financial Statements' (January 2008).

This Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts BUSINESS COMBINATIONS, Section 1582, and CONSOLIDATED FINANCIAL STATEMENTS, Section 1601.

