

CICA handbook – accounting revisions release no. 28

March 2004

ACCOUNTING RECOMMENDATIONS

Generally accepted accounting principles, paragraph 1100.33

Amended to clarify application of the transitional provisions as a result of the Board Notices issued on November 26, 2003 and January 23, 2004.

Interim financial statements, paragraph 1751.14(k)

Includes a new interim requirement to disclose the total benefit cost determined by EMPLOYEE FUTURE BENEFITS, Section 3461.

Employee future benefits, Section 3461

Paragraph 3461.002 amended by replacing the term "expense" with "cost" and by adding a footnote to clarify that costs recognized for the period include amounts expensed and costs that may have been capitalized as part of an asset such as inventory. Accordingly, amended paragraphs 3461.014-.015, .022-.023, .024(a)-(b), .025, .029, .033 examples (a)-(b), .045-.046, .060, .069-.070, .096, .103, .105 and .167, the Glossary and Examples, to replace the term "expense(s)" with "cost(s)".

Paragraphs 3461.015(b), .018, .021, .075, .090, .095-.095(a), .112, .117 and .132-.133, and Example 1 amended to replace "past" or "previous" with "prior" when modifying period(s) or year(s) for consistency with balance of Section.

Paragraph 3461.131 amended to replace "previous plan amendments" with "prior plan amendments" for consistency with balance of Section.

Disclosure paragraphs 3461.150-.163 amended to improve and expand the disclosure requirements for employee future benefits. These amendments include setting out the main principle in italics and the balance of the material as non-italicized paragraphs to conform with GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section 1100.

Former paragraphs 3461.150-.163 are set out in a supplement to Section 3461 in Superseded Accounting Recommendations.

Former wording of paragraphs 3461.152, .154-.157, .161 and .163 was as follows:

- .152 ♦ *An entity should provide the disclosures required by paragraphs 3461.154-.157 and 3461.161 separately for:*
 - (a) *plans that provide pension benefits; and*
 - (b) *plans that provide primarily other employee future benefits.* [JAN. 2000]
- .154 ♦ *For a defined contribution plan, an entity should disclose:*
 - (a) *the expense recognized for the period; and*
 - (b) *a description of the nature and effect of each significant change during the period affecting the comparability of the expenses for the current and prior periods, such as a change in the rate of employer contributions, a business combination or a divestiture.* [JAN. 2000]
- .155 ♦ *For a defined benefit plan, an entity should disclose:*
 - (a) *the accrued benefit obligation at the end of the period, as determined by the actuarial valuation;*
 - (b) *the fair value of plan assets at the end of the period;*
 - (c) *the resulting plan surplus or deficit at the end of the period;*
 - (d) *the amount recognized in the balance sheet at the end of the period as an accrued benefit liability or accrued benefit asset, indicating separately the amount of any valuation allowance determined in accordance with paragraph 3461.102;*
 - (e) *the expense recognized for the period;*
 - (f) *the amount of contributions by the entity during the period;*
 - (g) *the amount of contributions by employees during the period;*
 - (h) *the amount of benefits paid during the period;*
 - (i) *the nature and effect of each significant non-routine event occurring during the period, including an amendment, curtailment or settlement of a plan, an event giving rise to contractual termination benefits, or a business combination or divestiture;*
 - (j) *the weighted average of the amounts assumed in accounting for the plan for:*

- (i) the discount rate,
 - (ii) the expected long-term rate of return on plan assets, and
 - (iii) the rate of compensation increase (for pay-related plans);
 - (k) the assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges) and a general description of the direction and pattern of change in the assumed trend rate(s) thereafter, together with the ultimate trend rate(s) and when each such rate is expected to be achieved; and
 - (l) the amounts and types of securities of the entity and related parties included in plan assets, the approximate amount of future annual benefits covered by insurance contracts issued by the entity or related parties, and transactions between the entity and the plan during the period. [JAN. 2000]
- .156 ♦ An entity that has aggregated disclosures for its single-employer defined benefit pension plans, or for its other defined benefit plans, should provide the disclosures required by paragraph 3461.155(a)-(b) separately for the aggregate of plans with accrued benefit obligations in excess of plan assets. [JAN. 2000]
- .157 ♦ For a defined benefit plan, a public enterprise, co-operative organization, deposit-taking institution or life insurance enterprise should disclose, in addition to the information required by paragraph 3461.155:
- (a) a reconciliation of the beginning and ending balances of the accrued benefit obligation for the period, showing separately:
 - (i) each of the items disclosed in accordance with paragraph 3461.155(g)-(h);
 - (ii) the current service cost for the period;
 - (iii) the interest cost for the period on the accrued benefit obligation;
 - (iv) the effect of each significant non-routine event, including an amendment, settlement or curtailment of a plan, an event giving rise to contractual termination benefits, or a business combination or divestiture;
 - (v) the actuarial gains and losses arising during the period, and
 - (vi) the effect of foreign currency exchange rate changes;
 - (b) a reconciliation of the beginning and ending balances of the fair value of plan assets for the period, showing separately:
 - (i) each of the items disclosed in accordance with paragraph 3461.155(f)-(h),
 - (ii) the effect of each significant non-routine event, including a settlement of a plan, an event giving rise to contractual termination benefits, or a business combination or divestiture,
 - (iii) the actual return on plan assets during the period, and
 - (iv) the effect of foreign currency exchange rate changes;
 - (c) the balance of unamortized amounts at the end of the period, showing separately the amounts of:
 - (i) unamortized past service costs,
 - (ii) unamortized net gain or loss, which comprises unamortized actuarial gains and losses and the asset gains and losses not yet reflected in a market-related value of plan assets, and
 - (iii) the aggregate of the unamortized transitional obligation or transitional asset and the unamortized amount carried forward arising on the initial application of the Recommendations of this Section related to the limit on the carrying amount of an accrued benefit asset;
 - (d) the expected return for the period on plan assets;
 - (e) the amortization of past service costs for the period;
 - (f) the amortization of net actuarial gain or loss for the period; and
 - (g) the aggregate of the amortization for the period of a transitional asset or transitional obligation and the amortization for the period of an amount carried forward arising on the initial application of the Recommendations of this Section related to the limit on the carrying amount of an accrued benefit asset. [JAN. 2000 *]
- .161 ♦ For multiemployer plans, an entity should disclose:
- (a) the expense recognized for the period; and
 - (b) a description of the nature and effect of each significant change during the period affecting comparability, including a change in the rate of employer contributions, a business combination or a divestiture. [JAN. 2000]
- .163 ♦ For special termination benefits, a public enterprise, co-operative organization, deposit-taking institution or life insurance enterprise should disclose:
- (a) the amount of the expense recognized for the period; and
 - (b) a description of the nature of the related event or events that resulted in these benefits being provided. [JAN. 2000]

Transitional provisions paragraph 3461.164 amended to indicate that the amended disclosure paragraphs 3461.150-163 apply to fiscal years ending on or after June 30, 2004, with earlier adoption encouraged. Also, these paragraphs are no longer italicized to conform with Section 1100.

Section 3461 amended to remove references to "Recommendation(s)" as a result of issuing Section 1100, that clarifies the equal authority of italicized Recommendations and non-italicized paragraphs.

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

ACCOUNTING GUIDELINES

Consolidation of variable interest entities (AcG-15)

Amended by deleting the January 1, 2004 effective date in paragraph 32 to reflect the Board Notice issued on January 22, 2004.

Investment companies (AcG-18)

Amended by changing paragraph 16 and adding paragraph 17 to provide that the disclosure requirement in paragraph 12 becomes effective for fiscal periods beginning on or after November 1, 2004 to reflect the Board Notice on AcG-15 issued on January 22, 2004.

EIC ABSTRACTS

FASB Statement of Financial Accounting Standards No. 133, Accounting for derivative instruments and hedging activities (EIC-117)

Amended December 15, 2003 as a result of the issuance of AcG-17.

Accounting for severance and termination benefits (EIC-134)

Amended February 5, 2004 to include a consensus on how to determine whether additional termination benefits are enhancements to an ongoing benefit arrangement or special termination benefits.

Revenue recognition (EIC-141)

Revenue arrangements with multiple deliverables (EIC-142)

Accounting for separately priced extended warranty and product maintenance contracts (EIC-143)

Issued December 17, 2003.

Accounting by a customer (including a reseller) for certain consideration received from a vendor (EIC-144)

Issued January 30, 2004.

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