

## CICA handbook accounting and auditing revisions release no. 80 March 1994

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### ACCOUNTING RECOMMENDATIONS

#### Temporary investments, Section 3010

Paragraph 3010.01 has been amended to add a cross-reference to new Section 3025.

#### Accounts and notes receivable, Section 3020 [FEB. 1995]

A new paragraph 3020.03 has been added to limit the scope of application of paragraphs 3020.04 to .14 to short term accounts and notes receivable arising from the sale of goods and services and to refer to new Section 3025 which is to be applied to all other balances receivable which become impaired.

Recommendation paragraph 3020.12 has been amended for consistency with new Section 3025. The former wording of this paragraph was:

- .12 • *If, after writing off all known uncollectable accounts, it is expected that some further losses will be incurred in collecting the accounts and notes receivable outstanding, including notes receivable under discount, an allowance for doubtful accounts should be provided. The allowance should be the best possible estimate of the probable loss on accounts then outstanding, in the light of current conditions and assuming the continuation of the business as a "going concern". Where accounts under discount have been removed from the receivables, the related allowance will normally appear as a current liability.*

#### Impaired loans, Section 3025 [FEB. 1995]

New.

#### Contingencies, Section 3290

Paragraph 3290.05 has been amended to exclude allowances for both impaired loans and doubtful accounts and notes receivable from the definition of contingencies.

#### Life insurance enterprises — specific items, Section 4210

The scope of paragraphs 4210.16 and .17 on recognition and measurement of portfolio impairment has been narrowed to apply only to equity portfolio investments of a life insurance enterprise.

New paragraphs 4210.18 and .19 have been added to direct readers to new Section 3025 for fixed-term investments meeting the definition of a loan and to Section 3050 for all other fixed-term investments.

Former paragraphs 4210.18 through .50 have been renumbered as paragraphs 4210.20 through .52.

Former paragraph 4210.21, renumbered as paragraph 4210.23, has been amended to refer to the additional disclosure requirements of new Section 3025.

### EIC ABSTRACTS

#### Post retirement benefits other than pensions (EIC-5)

Clarification on December 16, 1993.

#### Post retirement benefits other than pensions — transitional balance (EIC-49)

Clarification on December 16, 1993.