

CICA handbook – accounting revisions release no. 31

December 2004

ACCOUNTING RECOMMENDATIONS

Life insurance enterprises — specific items, paragraph 4210.01

Amended to provide that AcG-18 does not apply to the consolidated financial statements of life and health insurance enterprises with an investment company subsidiary.

SUPERSEDED ACCOUNTING RECOMMENDATIONS

General standards of financial statement presentation, Section 1500

Withdrawn.

The following Recommendations formerly appeared in Section 1500:

- .05 ◆ *Any information required for fair presentation of financial position, results of operations, or cash flows, should be presented in the financial statements including notes to such statements and supporting schedules to which the financial statements are cross-referenced.* (See also THE AUDITOR'S STANDARD REPORT, paragraph 5400.04.) [SEPT. 1974 *]
- .06 ◆ *Where the accounting treatment or statement presentation does not follow the recommendations in this Handbook, the practice used should be explained in notes to the financial statements with an indication of the reason why the recommendation concerned was not followed.* No rule of general application can be phrased to suit all circumstances or combination of circumstances that may arise and the determination of what constitutes fair presentation or good practice in a particular case requires the exercise of professional judgment. However, with the widespread adoption of the Committee's recommendations, users of financial statements could be expected to assume that the recommended practices had been followed unless variations in practice are disclosed. The presumption is that adequate disclosure would require an indication of the effect on the financial statements of the practice followed as compared with the recommended practice. However, where the recommended practice is not appropriate in the particular circumstances, there would be no need to disclose the effect on the financial statements. [NOV. 1969]
- .08 ◆ *Financial statements should be prepared in such form and use such terminology and classification of items that significant information is readily understandable. Items, not significant in themselves, should be grouped with such other items as most closely approximate their nature.* To eliminate unnecessary detail it is desirable to express all amounts shown in the financial statements to the nearest dollar or, depending upon the magnitude of the amounts involved, to the nearest thousand dollars.
- .09 ◆ *When it is meaningful, financial statements should be prepared on a comparative basis showing the figures for the corresponding preceding period.* [JAN. 1969 *]
- .11 ◆ *Where the basis of valuation of assets is not self-evident, the basis should be explicitly stated.* The term "book value" is not considered sufficiently explanatory to be regarded as a description of the basis of valuation.
- .12 ◆ *Where assets of the business are pledged as security against liabilities, the nature and, where practicable, the carrying value of such assets should be disclosed.*

ACCOUNTING GUIDELINES

Full cost accounting in the oil and gas industry (AcG-5)

Withdrawn.

Hedging relationships (AcG-13)

Amended paragraph 28 to remove the requirement to disclose the policy for assessing hedge effectiveness.

Consolidation of variable interest entities (AcG-15)

Amended paragraph 4(e) to include in the scope of AcG-15 an investment company's interest in a variable interest entity that is itself an investment company and the (parent) investment company is the primary beneficiary.

Investment companies (AcG-18)

Amended paragraph 5 to require an investment company to consolidate a controlling interest in another investment company.

Amended paragraph 9 to clarify that an enterprise is not precluded from being an investment company because it does not meet the criteria in paragraph 9 in respect of its investment in another investment company.

Amended paragraph 11(a) to require disclosure of any investments not measured at fair value.

Amended paragraph 12 to require disclosure of maximum exposure to loss on all investments and remove requirement to disclose information about significant variable interests in variable interest entities in accordance with AcG-15.

Added paragraph 17 to provide that these changes become effective for fiscal periods beginning on or after July 1, 2005.

EIC ABSTRACTS

Financial instruments that may be settled at the issuer's option in cash or its own equity instruments (EIC-71)

Status amended on October 29, 2004 to note that the Abstract is not applicable to financial statements for fiscal years beginning on or after November 1, 2004.

Accounting for discontinued operations subsequently retained (EIC-35)

Presentation of assets and liabilities held for disposal (EIC-41)

Income statement presentation of results of a portion of a business segment held for disposal (EIC-63)

Withdrawn on December 1, 2004, as a result of Section 3475 becoming effective for all entities.

Accounting for retractable or mandatorily redeemable shares (EIC-149)

Issued on November 5, 2004.

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