

CICA handbook – accounting revisions release no. 55

August 2009

ACCOUNTING STANDARDS

Current assets and liabilities, paragraph 1510.04

Deleted to remove the reference to deferred charges. The former wording was as follows:

- ♦ *Deferred charges (as distinct from prepaid expenses) should not be classified as current assets.*

Comprehensive revaluation of assets and liabilities, Section 1625

Amended paragraph 1625.23 to remove guidance no longer applicable as a result of issuing BUSINESS COMBINATIONS, Section 1582, in January 2009. The former wording was as follows:

- ♦ *When a comprehensive revaluation of an enterprise's assets and liabilities is undertaken as a result of a transaction or transactions as described in 1625.04(a), push-down accounting should be applied. The portion of the assets and liabilities related to non-controlling interests should be reflected at the carrying amounts previously recorded by the acquired enterprise. [JAN. 1993]*

Amended paragraph 1625.25 to adopt the fair value guidance in BUSINESS COMBINATIONS, Section 1582.

Deleted paragraphs 1625.26–27 to remove guidance no longer applicable as a result of issuing CONSOLIDATED FINANCIAL STATEMENTS, Section 1601, and NON-CONTROLLING INTERESTS, Section 1602, in January 2009.

Amended paragraph 1625.40 to adopt the fair value guidance in Section 1582.

Amended paragraph 1625.41 to add measurement guidance.

Amended paragraphs 1625.55–56 to adopt income tax guidance consistent with paragraph 1582.67A. The former wording of paragraph 1625.55 was as follows:

- ♦ *When a future income tax asset that arose prior to the date of a comprehensive revaluation and that was not recognized in the comprehensive revaluation is subsequently recognized, the benefit should be recognized in accordance with INCOME TAXES, paragraphs 3465.51 and 3465.52. [JAN. 2000]*

Amended paragraph 1625.57 and deleted paragraph 1625.58 to make the transitional provisions consistent with Sections 1582, 1601 and 1602.

Impaired loans, Section 3025

Amended paragraph 3025.01 and added paragraph 3025.02A so that held-to-maturity investments are within the scope of Section 3025.

Amended definition of a loan in paragraph 3025.02(e) to conform to that in paragraph 3855.19(h).

Added paragraph 3025.60 to provide the effective date for application of the amendments to paragraphs 3025.01, 3025.02(e) and 3025.02A.

Equity, Section 3251

Amended paragraphs 3251.03–05 to reflect the guidance in Section 1602.

The former wording of paragraphs 3251.04–05 was as follows:

- .04 ♦ *An enterprise should present separately changes in equity for the period arising from each of the following:*
 - (a) *net income;*
 - (b) *other comprehensive income;*
 - (c) *other changes in retained earnings;*
 - (d) *changes in contributed surplus;*
 - (e) *changes in share capital (see SHARE CAPITAL, Section 3240); and*
 - (f) *changes in reserves (see RESERVES, Section 3260). [OCT. 2006]*
- .05 ♦ *An enterprise should present separately the following components of equity:*
 - (a) *retained earnings;*
 - (b) *accumulated other comprehensive income, showing each component of revenue, expense, gain and loss that, in accordance with primary sources of GAAP (see GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section 1100), is recognized in other comprehensive income, categorized in the same components as required*

- by COMPREHENSIVE INCOME, paragraph 1530.04(b), and the total of those components at the end of the period;*
- (c) *the total of (a) and (b);*
 - (d) *contributed surplus;*
 - (e) *share capital (see SHARE CAPITAL, Section 3240); and*
 - (f) *reserves (see RESERVES, Section 3260). [OCT. 2006]*

Amended paragraph 3251.14 and added paragraph 3251.14B to indicate that the amendments to paragraphs 3251.04-05 apply only to entities that have adopted Section 1602.

Related party transactions, Section 3840

Amended the notes to Examples 1 and 2 to be consistent with the guidance in Section 1601.

Financial instruments — recognition and measurement, Section 3855

Amended the definitions of a financial asset or financial liability held for trading in paragraph 3855.19(f)(i) and loans and receivables in paragraph 3855.19(h).

Amended paragraph 3855.33 and deleted paragraph 3855.34 as a result of the amended definition of loans and receivables in paragraph 3855.19(h).

Amended paragraph 3855.38 and added paragraph 3855.38A to provide guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for-trading category.

Amended paragraphs 3855.74, 3855.A66 and 3855.A73 to require that IMPAIRED LOANS, Section 3025, be applied to assess whether held-to-maturity investments are impaired and to account for any such impairment.

The former wording of paragraph 3855.74 was as follows:

- .74 ♦ *An entity should assess at each balance sheet date whether there is any objective evidence that a financial asset, other than those classified as held for trading, is impaired. An entity should apply ACCOUNTS AND NOTES RECEIVABLE, Section 3020, to assess whether short-term accounts and notes receivable arising from the sale of goods and services are impaired and to account for any such impairment. An entity should apply IMPAIRED LOANS, Section 3025, to assess whether other accounts, notes receivable and loans are impaired and to account for any such impairment. For financial assets other than loans and receivables, an entity should apply paragraphs 3855.A67-.A69 to assess whether there is any objective evidence of impairment. When any such evidence exists, the entity should apply paragraph 3855.A70 (for financial assets, other than loans and receivables, carried at amortized cost), paragraphs 3855.A71-.A72 (for financial assets carried at cost) or paragraphs 3855.A73-.A75 (for available-for-sale financial assets) to determine the amount of any impairment loss. [OCT. 2006]*

Amended paragraph 3855.80(c) to provide a reference to new paragraph 3855.80BA.

Added paragraph 3855.80BA to address reclassification of loans and receivables for the held-for-trading category.

Amended paragraphs 3855.80D and 3855.85(a) to address accounting for foreign exchange gains and losses on a reclassification out of the available-for-sale category.

The former wording of paragraph 3855.85(a) was as follows:

- .85 ♦ *When, as a result of a change in intention or ability, or when a quoted market price in an active market is no longer available (see paragraph 3855.66(c)) or because the "two preceding financial years" referred to in paragraph 3855.26 have passed, it becomes appropriate to carry a financial asset at cost or amortized cost rather than at fair value, the fair value carrying amount of the financial asset on that date becomes its new cost or amortized cost, as applicable. Any previous gain or loss on that asset that has been recognized directly in other comprehensive income in accordance with paragraph 3855.76(b) should be accounted for as follows:*

- (a) *In the case of a financial asset with a fixed maturity, the gain or loss should be amortized to net income over the remaining life of the financial asset using the effective interest method. Any difference between the new amortized cost and maturity amount should also be amortized over the remaining life of the financial asset using the effective interest method, similar to amortization of premium and discount. When the financial asset is subsequently impaired, any previous gain or loss that has been recognized directly in other comprehensive income is recognized in net income in accordance with paragraphs 3855.A73-.A75. [JULY 2008]*

Amended a reference in paragraph 3855.84 to refer more precisely to the relevant items in paragraph 3855.66.

Added paragraphs 3855.87F-.87H to provide the effective date for application of, and explain the transition for, the amendments to Section 3855.

Amended the table in paragraph 3855.A28 to reflect the changes in categories into which classification is required and permitted.

Deleted paragraph 3855.A70 as a consequence of the amendments to paragraphs 3855.74, 3855.A66 and 3855.A73.

Amended paragraph 3855.A75 and added paragraph 3855.A76 to address reversals of impairment losses previously recognized in net income.

EIC ABSTRACTS

**Application of Section 3465 to mutual fund trusts, real estate investment trusts, royalty trusts and income trusts
(EIC-107)**

The EIC discussion of the second issue amended on July 8, 2009.

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