

## CICA handbook accounting and auditing revisions release no. 85 September 1995

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### ACCOUNTING RECOMMENDATIONS

#### **Income statement, paragraph 1520.04**

Amended to add to the list of desirable income statement disclosures the amount of dividends classified as an expense and the total amount of any change in the fair value of financial assets and liabilities recognized as income or expense for the period.

#### **Business combinations, paragraph 1580.25**

Amended to conform the wording to a common *Handbook* definition of fair value.

#### **Comprehensive revaluation of assets and liabilities, paragraph 1625.12**

Amended the first sentence to conform the wording to a common *Handbook* definition of fair value. Deleted the second sentence to be consistent with revised Section 3840.

#### **Accounts and notes receivable, paragraph 3020.02**

Amended to add a cross-reference to new Section 3860, replacing guidance concerning disclosure of information about the terms of instalment accounts.

#### **Impaired loans, paragraph 3025.19**

Amended to conform the wording to a common *Handbook* definition of fair value.

#### **Interests in joint ventures, paragraph 3055.03(a)**

Amended to conform the wording to a common *Handbook* definition of fair value.

#### **Leases, paragraph 3065.03(j)**

Amended to conform the wording to a common *Handbook* definition of fair value.

#### **Long-term debt, Section 3210**

A new paragraph 3210.01 has been added to specify the scope of this Section relative to new Section 3860. Former paragraphs 3210.01 to 3210.08 have been renumbered as paragraphs 3210.02 to 3210.09.

#### **Share capital, Section 3240**

A new paragraph 3240.01 has been added to specify the scope of this Section relative to new Section 3860. Former paragraphs 3240.01 to 3240.04 have been renumbered as paragraphs 3240.02 to 3240.05 and former paragraph 3240.05 has been deleted.

#### **Non-monetary transactions, paragraph 3830.04(a)**

Amended to conform the wording to a common *Handbook* definition of fair value.

#### **Related party transactions, Section 3840 [OCT. 1995]**

Revises and replaces Section 3840, RELATED PARTY TRANSACTIONS — DISCLOSURE CONSIDERATIONS.

The following Recommendations formerly appeared in Section 3840:

- .10 ♦ *When a reporting entity has participated in transactions with related parties during a financial reporting period, disclosure of those transactions should be made.* Management compensation arrangements, expense allowances and other similar payments to individuals in the ordinary course of business are deemed not to be related party transactions for purposes of this Section. [JUNE 1979]

- .13 ♦ *Disclosure of related party transactions should include the following information:*

- (a) *a description of the nature and extent of transactions;*
- (b) *a description of the relationship;*
- (c) *amounts due to or from related parties and, if not otherwise apparent, the terms of settlement.*

To convey the extent of related party transactions, it would be appropriate to disclose their recorded dollar amounts, supplemented by information to indicate the proportion of the enterprise's activities which involves related parties, if not otherwise apparent. [JUNE 1979]

- .18 ♦ *When the ongoing operations of a reporting entity depend on a significant volume of business with another party, the economic dependence on that party should be disclosed and explained.* [JUNE 1979]

**Economic dependence, Section 3841 [OCT. 1995]**

New. The recommendation in former paragraph 3840.18 has been moved to new Section 3841 and the word "entity" replaced by the word "enterprise".

**Financial instruments — disclosure and presentation, Section 3860 [JAN. 1996]**

New.

**Pension plans, Section 4100**

Paragraph 4100.05(k) has been amended to replace the definition of market value, which was defined as estimated fair value with a common definition of fair value. The amendment reflects new definitions of market value and fair value recently introduced in new Handbook Sections.

Paragraphs 4100.10, .11, .12, .14, .17, .20 and .25 have been amended to replace the words "market value(s)" with "fair value(s)".

Note 6 to Example A of Section 4100.B has been updated to comply with the requirements of revised Section 3840.

**Non-profit organizations — specific items, paragraph 4230.11**

Amended to conform the wording to a common Handbook definition of fair value.

**Non-profit organizations — related party transactions, disclosure considerations, Section 4231**

This Section has been moved from former Section 3840 and re-named NON-PROFIT ORGANIZATIONS — RELATED PARTY TRANSACTIONS, DISCLOSURE CONSIDERATIONS.

**ACCOUNTING GUIDELINES****Term-preferred shares (AcG-1)**

Withdrawn. Superseded by new Section 3860.

**EIC ABSTRACTS****Reverse takeover accounting (EIC-10)**

Clarification on June 23, 1995.

**Special termination benefits (EIC-23)**

Amended on May 19, 1995 to define the date at which special termination benefits would be recognized (the commitment date) in the same manner as EIC-60.

**Discontinued operations (EIC-45)**

Cross-reference deleted on June 23, 1995.

**Liability recognition for costs to exit an activity (including certain costs incurred in a restructuring) (EIC-60)**

Second issue added on May 19, 1995.

**Measurement of cost of a business acquisition effected by issuing shares (EIC-62)**

Revision to "Status" section on May 19, 1995.

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

Issued on June 23, 1995.

**AUDITING AND RELATED SERVICES GUIDELINES****Performance of a review of financial statements (AuG-3)**

(August 1987)

Withdrawn as a result of the issue of AuG-20.

**Performance of a review of financial statements (AuG-20)**

(September 1995)

Revises and replaces AuG-3 to update the guidance on a number of matters and to provide additional guidance primarily in the areas of documentation and management representations.