

CICA handbook accounting and auditing highlight summary no. 76 December 1992

HIGHLIGHT SUMMARY

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

Comprehensive revaluation of assets and liabilities, Section 1625

This new Section establishes accounting standards for the comprehensive revaluation of assets and liabilities. The major features of the new Section are:

- The prohibition of revaluations unless one of the following conditions are met:
 - (a) all or virtually all of the equity interests have been acquired, in one or more transactions between unrelated parties, by an acquirer who controls the enterprise after the transaction or transactions; or
 - (b) an enterprise has been subject to a financial reorganization, and the same party does not control the enterprise before or after the reorganization.
- In either case the new costs need to be reasonably determinable.
- When the conditions for a comprehensive revaluation are met as a result of a financial reorganization, a revaluation of assets and liabilities is required. The revaluation is optional, however, when the conditions are met as a result of the acquisition of an enterprise.
- The new Recommendations are effective for fiscal periods commencing on or after January 1, 1993 and should be applied retroactively, except when the necessary financial data is not reasonably determinable.

EIC Abstracts

- Addendum to Pension surplus recognition
- Accounting for the issue of certain derivative instruments
- Net of tax presentation and supplementary earnings per share figures

Auditing and Related Services Guidelines

- Auditor's report on the financial statements of federally regulated financial institutions

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