

CICA handbook – accounting highlight summary no. 35 June 2005

HIGHLIGHT SUMMARY

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

Superseded Accounting Recommendations

Included with this release is NON-MONETARY TRANSACTIONS, Section 3831, which supersedes NON-MONETARY TRANSACTIONS, Section 3830.

To give Handbook readers continued access to superseded Section 3830, this Section is refiled with Superseded Accounting Recommendations. The superseded Section will be withdrawn from the Handbook when it is no longer effective.

Non-monetary transactions, Section 3831

This Section, which replaces NON-MONETARY TRANSACTIONS, Section 3830, establishes standards for the measurement and disclosure of non-monetary transactions.

The main feature of this Section is a general requirement to measure an asset or liability exchanged or transferred in a non-monetary transaction at fair value, unchanged from the requirement in former Section 3830. However, an asset exchanged or transferred in a non-monetary transaction is measured at its carrying amount when:

- the transaction lacks commercial substance;
- the transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange;
- neither the fair value of the asset received nor the fair value of the asset given up is reliably measurable; or
- the transaction is a non-monetary non-reciprocal transfer to owners that represents a spin-off or other form of restructuring or liquidation.

The "commercial substance" criterion replaces the "culmination of the earnings process" criterion in former Section 3830.

The new requirements are effective for non-monetary transactions initiated in periods beginning on or after January 1, 2006. Earlier adoption is permitted for non-monetary transactions initiated in periods beginning on or after July 1, 2005.

EIC Abstracts

New

- Applying the conditions in CICA 3475.27 in determining whether to report discontinued operations (EIC-153)

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