

Closing the GAAP: New Canadian GAAP Pronouncements

(includes developments to December 31, 2012)

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The following summarizes Canadian GAAP pronouncements that must be applied, if applicable, for the first time to a calendar year-end company that is preparing financial statements in accordance with Canadian GAAP. This newsletter sets out new requirements by the calendar year in which they are first effective. Developments relate to Canadian GAAP as set out in the following parts of the CICA Handbook:

- Part II – Private Enterprises
- Part III – Not-for-profit Organizations
- Part IV – Pension Plans

This ACS Newsletter supersedes the information in previous Newsletter 2012-116 and is updated quarterly. Developments since the previous newsletters, if any, are highlighted in yellow.

While we have attempted to make this newsletter as complete as possible, it may not include all changes or modifications to existing authoritative literature that may affect a particular enterprise.



Developments related to CICA Handbook, Part II – Private Enterprises

Reference	Pronouncement and Effective Date impacting 2011 Calendar Years
CICA Handbook Part II	<p><u>Accounting standards for private enterprises</u></p> <p>This part of the Handbook includes accounting standards for private enterprises effective for years beginning on/after January 1, 2011.</p> <p><i>Learning more:</i> <u>R&Q NL 2010-037</u> <u>R&Q NL 2011-039</u> <u>R&Q NL 2009-103</u></p>
CICA 1500	<p><u>First-time adoption</u></p> <p>Amended to (i) provide an exemption from retrospective restatement of goodwill at the date of transition, and (ii) permit an entity that has a cumulative translation difference (“CTD”) to deem that CTD to be zero at the date of transition.</p> <p>Effective for periods beginning on/after January 1, 2011.</p>
CICA 1500	<p><u>First-time adoption and employee future benefits</u></p> <p>Amended to permit an entity that accounts for its defined benefit plans using the deferral and amortization approach to carry forward at the date of transition to ASPE any unrecognized actuarial gains and losses and past service costs that were determined previously in accordance with Part V, CICA 3461, Employee Future Benefits, or an equivalent basis of accounting such as Part I, IAS 19, <i>Employee Benefits</i>.</p>

Developments related to CICA Handbook, Part II – Private Enterprises

Reference	Pronouncement and Effective Date Impacting 2011 Calendar Years
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Annual improvements project

Annual improvements 2011

Improves existing standards. The amendments are effective for periods beginning on/after January 1, 2011.

Part II - ASPE	Subject of amendment
CICA 1400, <i>General Standards of Financial Statement Presentation</i>	Amended to require an enterprise to: <ul style="list-style-type: none"> • Present only one set of general purpose financial statements under Part II in any particular period, and • Refer to its general purpose financial statements in any additional sets of financial statements prepared under Part II
CICA 1521, <i>Balance Sheet</i>	Amended to address an inconsistency with CICA 1510, <i>Current Assets and Current Liabilities</i>
CICA 3064, <i>Goodwill and Intangible Assets</i>	Amended to clarify that the requirement to expense expenditures on advertising and promotional activities includes expenditures on mail order catalogues and other similar documents intended to advertise goods, services or events to customers.
CICA 3820, <i>Subsequent Events</i>	Amended to clarify the meaning of the date of completion of financial statements.
CICA 3856, <i>Financial Instruments</i>	Amended to provide clarification and additional guidance on various aspects of hedge accounting.

Developments related to CICA Handbook, Part II – Private Enterprises

Reference Pronouncement and Effective Date Impacting 2013 Calendar Years

Annual improvements project

Annual improvements 2012

Improves existing standards. The amendments are effective for periods beginning on/after January 1, 2013.

Part II - ASPE	Subject of amendment
CICA 1400, <i>General Standards of Financial Statement Presentation</i>	Paragraph 1400.19 has been added to eliminate and inconsistency with CICA 1520.
CICA 1520, <i>Income Statement</i>	Paragraphs 1520.03-.04 have been amended to eliminate inconsistencies between CICA 1520 and other standards.
CICA 1582, <i>Business Combinations</i>	Paragraph 1582.55 has been amended to extend the exception to the general requirement to expense acquisition costs to the cost of issuing debt securities.
CICA 1590, <i>Subsidiaries</i>	Paragraph 1590.16A has been added to address the accounting for acquisition costs and contingent consideration when a subsidiary is accounted for under the cost or equity method.
CICA 1651, <i>Foreign Currency Translation</i>	Paragraphs 1651.30-.31 have been replaced and 1651.31A added to remove an inconsistency with CICA 1602, <i>Non-Controlling Interests</i> . Application guidance has been added as an appendix to the standard.
CICA 3051, <i>Investments</i>	Paragraph 3051.25A has been added to provide guidance on the accounting for dilution gains and losses.
CICA 3064, <i>Goodwill and Intangible Assets</i>	Paragraph 3062.89 has been amended to eliminate an inconsistency with CICA 1520.
CICA 3465, <i>Income Taxes</i>	Paragraph 3465.88 has been amended to eliminate an inconsistency with CICA 1520.
CICA 3856, <i>Financial Instruments</i>	Paragraph 3856.19A has been added to eliminate an inconsistency with CICA 1520.

Developments related to CICA Handbook, Part III – Not-for-profit Organizations

Reference	Pronouncement and Effective Date Impacting 2012 Calendar Years
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CICA Handbook Part III	<u>Accounting standards for not-for-profit organizations</u> This part of the Handbook includes accounting standards for not-for-profit organizations effective for years beginning on/after January 1, 2012.
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CICA 4450/ CICA 1501	<u>Reporting controlled and related entities</u> CICA 4450 is amended to clarify that CICA 1582, <i>Business Combinations</i> , does not apply to a combination between not-for-profit organizations, nor does it apply to the acquisition of a profit-oriented enterprise by a not-for-profit organization. CICA 1501, <i>First-time Adoption</i> , was also amended as a result. Effective for periods beginning on/after January 1, 2012.
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CICA 1501	<u>First-time adoption</u> Amended to (i) provide an exemption from retrospective restatement of goodwill at the date of transition, (ii) permit an organization that has a cumulative translation difference (“CTD”) to deem that CTD to be zero at the date of transition, and (iii) reflect changes to CICA 4450, <i>Reporting Controlled and Related Entities</i> , described above. Effective for periods beginning on/after January 1, 2012.
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Annual improvements project	<u>Annual improvements 2011</u> Improves existing standards. The amendments are effective for periods beginning on/after January 1, 2012.
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Part III - NPOs	Subject of amendment
CICA 1401, <i>General Standards of Financial Statement Presentation for Not-for-Profit Organizations</i>	Amended to require an organization to: <ul style="list-style-type: none"> • Present only one set of general purpose financial statements under Part III in any particular period, and • Refer to the general purpose financial statements in any additional sets of financial statements prepared under Part III

Developments related to CICA Handbook, Part IV – Pension Plans

Reference	Pronouncement and Effective Date Impacting 2011 Calendar Years
CICA Handbook Part IV	<u>Accounting standards for pension plans</u> This part of the Handbook includes accounting standards for pension plans effective for years beginning on/after January 1, 2011.

Reference	Pronouncement and Effective Date Impacting 2012 Calendar Years
CICA 4600	<u>Pension plans</u> The definition of benefit plan is amended to clarify that benefit plans providing benefits to employees during their active service are within scope. The introduction to Part IV has also been amended to state that first-time adoption of Part IV by benefit plans providing benefits during active service is mandatory for annual financial statements relating to years beginning on/after January 1, 2012.
CICA 4600	<u>Fair value disclosures</u> Paragraph 4600.32(a)(ii) and an Appendix have been added to clarify that the fair value disclosures in paragraphs 27-27B of IFRS 7 <i>Financial Instruments: Disclosures</i> that were deleted as a consequence of incorporating IFRS 13 <i>Fair Value Measurement</i> into Part I of the Handbook will continue to be required for pension plans that have adopted the measurement requirements of IFRS 13. Effective for financial statements of pension plans issued after June 2012 in which the measurement requirements of IFRS 13 have been early adopted.

Developments related to CICA Handbook, Part IV – Pension Plans

Reference	Pronouncement and Effective Date Impacting 2013 Calendar Years
CICA 4600	<p><u>Fair value amendments</u></p> <p>Amended to delete definition of fair value in paragraph 4600.05(I) and to require a pension plan to follow the fair value measurement guidance in Part I of the Handbook (i.e. IFRS) in determining fair value for its investment assets and investment liabilities. This change is a result of the issuance of IFRS 13 <i>Fair Value Measurement</i> in Part I of the Handbook in November 2011. Consistent with this change regarding measurement, the recognition requirements in paragraph 4600.18 have been amended to refer generally to either Part I or Part II of the Handbook. Paragraphs 4600.38-.39 have been amended and paragraphs 4600.40-.41 have been added to deal with a pension plan's transition to the amended requirements.</p> <p>Effective for years beginning on/after January 1, 2013.</p>
CICA 4600	<p><u>Fair value disclosures</u></p> <p>Paragraph 4600.32(a)(ii) and an Appendix have been added to clarify that the fair value disclosures in paragraphs 27-27B of IFRS 7 <i>Financial Instruments: Disclosures</i> that were deleted as a consequence of incorporating IFRS 13 <i>Fair Value Measurement</i> into Part I of the Handbook will continue to be required for pension plans applying the measurement requirements of IFRS 13.</p> <p>Effective at the same time as the fair value amendments to CICA 4600 noted above.</p>
