

CURRENT ASSETS

- Current assets include assets ordinarily realizable within one year from the balance sheet date or within the normal operating cycle, when longer than one year.
- Main classes of current assets include:
 - Cash excluding:
 - Restricted cash
 - Cash appropriated for other than current purposes unless it offsets a current liability
 - Investments capable of reasonably prompt liquidation (e.g., marketable securities, treasury bills, investment certificates and call loans)
 - Trade accounts and notes receivable
 - Inventories
 - Prepaid expenses that meet the definition of current assets

CURRENT LIABILITIES

- Current liabilities include amounts payable within one year from the balance sheet date or within the normal operating cycle, when longer than one year; and amounts received or due from customers with respect to goods to be delivered or services to be performed within one year from the balance sheet date.
- Main classes of current liabilities include:
 - Trade accounts payable and accrued liabilities
 - Loans payable
 - Taxes payable
 - Dividends payable
 - Deferred revenues
 - Current payments on long-term debt
 - Retractable or mandatorily redeemable shares issued in a tax planning arrangement
- Amounts owing on loans from directors, officers and shareholders, and amounts owing to parent and other affiliated companies will be shown separately on the balance sheet or disclosed separately in the notes to the financial statements.
- Amounts payable in respect of government remittances, excluding income taxes, must be disclosed separately. This includes federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premium.

Current and non-current debt

Non-current classification of debt is based on facts existing at the balance sheet date rather than on expectations regarding future refinancing or renegotiation.

Debt for which the creditor has the unilateral right to demand immediate repayment at the balance sheet date, or within one year (or operating cycle, if longer) from that date, shall be classified as a current liability unless:

- The creditor waives, in writing, or has subsequently lost its right to demand repayment for more than a year (or operating cycle, if longer) from the balance sheet date;
- The obligation has been refinanced on a long-term basis before the balance sheet is completed; **or**
- The debtor has entered into a non-cancellable agreement to refinance the obligation before the balance sheet is completed, and there is no impediment to the completion of refinancing.

Debt with covenant violations

When a debt covenant is breached, the debt shall be classified as a current liability unless:

- The creditor waives, in writing, or has subsequently lost its right to demand repayment for more than a year (or operating cycle, if longer) from the balance sheet date; **or**
- The debt agreement includes a grace period to remedy the violation and contractual arrangements are made to remedy the covenant breach during the grace period; **and**

It is not likely that a violation of debt covenant which gives the creditor the right to demand repayment at a future compliance date within one year of the balance sheet date will occur.