

The Council has to comply with the Chartered Professional Accountants (CPA) of Canada Handbook section 3856 - *Financial Instruments*.

The purpose of this policy is to set down in writing how the SSDEC recognizes and measures its Financial Instruments.

REGULATIONS

Financial Instruments can be either assets or liabilities, as detailed below, and CPA 3856 requires that these financial instruments be recognized at their fair value. Some of the most common types of financial instruments are cash, accounts receivable and accounts payable.

Financial Assets

- Financial assets held for trading (HFT);
- Held-to-maturity investments (HTM);
- Loans and receivables (L&R);
- Available-for-sale assets (AFS).

Financial Liabilities

- Financial liabilities held for trading (HFT);
- Other liabilities (OL).

All financial assets and liabilities within the scope of CPA 3856 and reported on the balance sheet of the South Slave Divisional Education Council (SSDEC) as at July 1, 2007 and subsequently will be automatically classified as per the table below, unless classification of a specific item (or items) into a different category is approved by the Superintendent on or before the date that the specific item (or items) is recognized in accordance with CPA 3856.06

Any additions and/or changes to the automatic classification categories in the table below require the approval of the Superintendent and are to be reported to, and ratified by, the Council of the SSDEC at its next meeting following the addition and/or change. Any such additions and/or changes are only effective from the date of approval by the Superintendent

Assets

Line item description	CPA 3856 classification	Rationale for classification
Cash and cash equivalents and related accrued interest	HFT	Cash and cash equivalents are highly liquid instruments and therefore HFT is an appropriate classification.
Trade receivables	L&R	Normal course trade receivables carried at amortized cost, as per the previous accounting.
Other short-term receivables	L&R	Normal course short-term receivables, carried at amortized cost, as per the previous accounting.

Liabilities

Line item description	CPA 3856 classification	Rationale for classification
Trades payables	OL	Normal course trade payables carried at amortized cost, as per previous accounting.
Accruals and other short-term liabilities	OL	Normal course accruals and other short-term liabilities, carried at amortized cost, as per previous accounting.

Reference: CPA of Canada Handbook, Section 3856, *Financial Instruments*.

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