

## Deloitte's Digest

An overview of  
standard-setting activities



At a time when it has become a difficult task to keep up to date with the recent developments in standard-setting activities, the Deloitte Digest presents a useful single source of reference for current financial reporting developments.

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# Summary by standard

From time to time, standard-setters and regulators issue new rules and standards that affect your financial reporting. This document briefly describes these pronouncements and other regulatory and professional developments and indicates their effective date, transition application and entities affected.

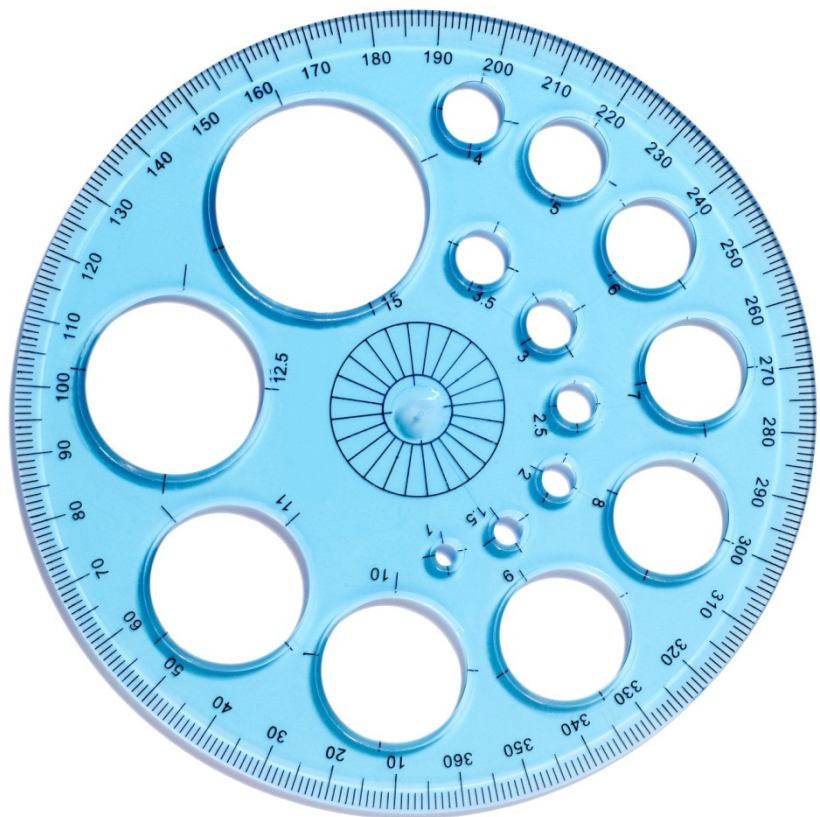
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# Final standards



## IASB/AcSB Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

**Effective date:** To be determined

**Standard:** Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

**Transitional provisions:** Effective date to be determined. See below; the IASB plans to publish an ED of the proposed amendments in Q2/2015.

**Published by:** IASB and AcSB

**Last updated:** February 2015

**Applicable to:** All publicly accountable entities (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, at its meeting on February 18-20, 2015, the members of the IASB confirmed that they are satisfied that the IASB has complied with the necessary due process steps to date and therefore instructed the staff to begin the balloting process for the ED.

At its meeting on January 20-22, 2015, the IASB was informed that the elimination of a gain required by this September 2014 amendment appeared to create a conflict with paragraph 32(b) of IAS 28 which requires that an entity should recognize as income any excess of the fair value of the net assets of an acquired associate (or joint venture) over the cost of that associate (or joint venture). Applying the requirements of paragraph 32(b) of IAS 28 in the limited circumstances described would result in a reversal of elimination of a gain required by this September 2014 amendment. The IASB tentatively decided to clarify the requirements of IFRS 10 and IAS 28 to explain that, for the purposes of the acquisition accounting required in paragraph 32 of IAS 28, the cost on initial recognition of that associate or joint venture is the fair value of the investment at the date that control is lost and is determined before any elimination of the gains or losses required by paragraph 99A of IFRS 10. The IASB also tentatively decided to propose a postponement of the effective date of the September 2014 amendments to IFRS 10 and IAS 28 in the light of the interaction between this proposed clarification and the September 2014 amendments. The IASB intends the effective date of this proposal and the September 2014 amendments to be the same. The IASB plans to bundle these proposed amendments with other proposals to amend IAS 28 that have already been balloted and to publish the ED in Q2/2015.

On September 11, 2014, the IASB published its narrow scope *Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

### In summary

#### Overview

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

For further details, please refer to the related Deloitte IFRS in Focus per the link below.

### **Available resources and links**

- [Deloitte IFRS in Focus \(September 2014\)](#)
- [IASB Press Release \(September 2014\)](#)
- [IFRS 10 and IAS 28 \(2011,\) as amended](#)
- [IASB Project Summary](#)

## CPA Canada Mining Industry Task Force on IFRSs

**Effective date:** Not applicable

**Standard:** Not applicable

**Transitional provisions:** Not applicable

**Published by:** CPA Canada Mining Industry Task Force on IFRSs

**Last updated:** February 2015

**Applicable to:** All publicly accountable mining entities (and those other mining entities that choose to adopt IFRS)

### Recent activities

CPA Canada and the Prospectors and Developers Association of Canada (PDAC) created the Mining Industry Task Force on IFRSs to share views on IFRS application issues of relevance to junior mining companies.

### In summary

#### Overview

In February 2015, the Mining Industry Task Force on IFRSs issued the following document: *Accounting for Share Purchase Warrants Issued*, which considers how a mining company (the issuer) should account for share purchase warrants issued, both at the time of issuance and subsequently.

In July/August 2014, the Mining Industry Task Force on IFRSs has issued the following documents: (i) *Commodity Prices and Impairment*, which considers how commodity prices factor into impairment assessments and the calculations of possible impairments; (ii) *Identifying Levies in the Mining Industry* which discusses the type of payments made by a mining company that may fall within the scope of IFRIC 21, *Levies*. The document provides an overview of IFRIC 21 and considers the implications for a mining company; and (iii) *Accounting for Precious Metal Streaming Arrangements by the Producer*, which discusses the factors that may be helpful in determining how to account for a precious metal streaming arrangement by the Producer. An analysis of accounting implications is included.

#### Available resources and links

- [Mining Industry Task Force on IFRSs Viewpoints: Accounting for Precious Metal Streaming by the Producer \(July 2014\)](#)
- [Mining Industry Task Force on IFRSs Viewpoints: Identifying Levies in the Mining Industry \(August 2014\)](#)
- [Mining Industry Task Force on IFRSs Viewpoints: Commodity Prices and Impairment \(August 2014\)](#)
- [Mining Industry Task Force on IFRSs Viewpoints: Accounting for Share Purchase Warrants Issued \(February 2015\)](#)



IASB/AcSB IFRS 9, Financial Instruments <sup>UPDATED</sup>

**Effective date: Annual periods beginning on or after January 1, 2018. Earlier adoption permitted**

**Standard:** Amendments (2014) to IFRS 9, *Financial Instruments*

**Transitional provisions:** Annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

**Published by:** IASB and AcSB

**Last updated:** April 2015

**Applicable to:** All publicly accountable entities (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, on April 24, 2015, Deloitte has issued an IFRS in Focus newsletter which summarizes the first meeting in April 2015 of the IFRS Transition Resource Group for Impairment of Financial Instruments (the ITG).

On January 30, 2015, Highlight Summary I.29 dated February 2015, was issued adding IFRS 9 to the “IFRSs Issued but Not Yet Effective” section of the CPA Canada Handbook, Part 1. Of note, new IFRSs only become part of Canadian GAAP once they have been issued in the CPA Canada Handbook.

On July 25, 2014, the IASB completed the final elements of its comprehensive response to the financial crisis by issuing a new version of IFRS 9, *Financial Instruments*, which includes (i) revisions to its classification and measurement model and (ii) a single, forward-looking ‘expected loss’ impairment model. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after January 1, 2018 with early adoption permitted. For a limited period, previous versions of IFRS 9 may be adopted early if not already done so, provided the relevant date of initial application is before February 1, 2015.

On November 19, 2013, the IASB announced the completion of a package of three further amendments to the accounting requirements for financial instruments set out in IFRS 9 (2009). The amendments: (i) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; (ii) allow the changes to address the so-called ‘own credit’ issue that were already included in IFRS 9 to be applied in isolation without the need to change any other accounting for financial instruments; and (iii) remove the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. Following these amendments, IFRS 9 continues to be available if entities choose to apply it and entities currently have a choice about which parts of IFRS 9 they apply. Entities can choose to apply: only the own credit requirements; only the classification and measurement requirements for financial assets; the classification and measurement requirements for financial assets and financial liabilities; or the classification and measurement requirements for financial assets and financial liabilities and the hedge accounting requirements.

At their meeting on December 13-15, 2011, the IASB approved the deferral by two years of the effective date of IFRS 9 (2009), being from January 1, 2013 to January 1, 2015. The amendments approved by the IASB in December 2011 also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

On November 12, 2009, the IASB issued IFRS 9 (2009).

### In summary

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## Overview

IFRS 9, as amended, introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements.

IFRS 9, as amended, introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

For further details, please refer to the related Deloitte IFRS in Focus per the link below.

### Available resources and links

- [Deloitte IFRS In Focus \(April 2015\) – April 2015 Meeting of the ITG](#)
- [Deloitte IFRS in Focus \(July 2014\)](#)
- [IASB Press Release \(July 2014\)](#)
- [IFRS 9, Financial Instruments \(as amended, July 2014\)](#)
- [IASB Project Summary \(July 2014\)](#)
- [IASB Article: IFRS 9: A Complete Package for Investors](#)

## IASB/AcSB IFRS 15, Revenue from Contracts with Customers <sup>UPDATED</sup>

**Effective date:** Reporting periods beginning on or after January 1, 2017. Earlier adoption permitted.

[Note: In April 2015, the IASB tentatively decided to defer the effective date of IFRS 15 by one year.]

**Standard:** IFRS 15, *Revenue from Contracts with Customers*

**Transitional provisions:** The new Standard is effective for annual reporting periods beginning on or after January 1, 2017 with earlier adoption permitted. [Note: In April 2015, the IASB tentatively decided to defer the effective date of IFRS 15 by one year.] For comparative amounts, entities have the option of using either retrospective application (with certain practical expedients) or a modified approach that is set out in the new Standard.

**Published by:** IASB and AcSB

**Last updated:** April 2015

**Applicable to:** All publicly accountable entities (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, at its meeting on April 27- 29, 2015, the IASB tentatively decided to defer the effective date of IFRS 15 by one year. Accordingly, entities would be required to apply IFRS 15 for annual reporting periods beginning on or after January 1, 2018. Early application of the standard continues to be permitted. The IASB will publish a narrow-scope ED regarding the effective date of IFRS 15, with a comment period of no less than 30 days. The IASB intends to finalise its discussions regarding the effective date of IFRS 15 at its July 2015 meeting. IASB has also commenced a project to provide certain clarifications to IFRS 15 – see separate Project,

At its meeting on April 1, 2015 the FASB tentatively decided to defer by one year the effective date of its new revenue standard (ASU 2014-09, *Revenue From Contracts With Customers*) for public and non-public entities reporting under US GAAP. On February 18, 2015, Deloitte U.S. issued a new edition of its Roadmap series which deals with *Revenue from Contracts with Customers* under Topic 606, *Revenue from Contracts with Customers*, which is converged with IFRS 15.

On January 30, 2015, Highlight Summary I.29 dated February 2015, was issued adding IFRS 15 to the “IFRSs Issued but Not Yet Effective” section of the CPA Canada Handbook, Part 1. Of note, new IFRSs only become part of Canadian GAAP once they have been issued in the CPA Canada Handbook.

On May 28, 2014, the IASB and the FASB jointly issued a converged Standard on the recognition of revenue from contracts with customers.

### In summary

#### Overview

The new Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes the IASB’s current revenue recognition guidance including IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related Interpretations.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new Standard introduces far more prescriptive guidance than was included in IAS 18, IAS 11 and the related Interpretations and the majority of entities are likely to be affected by this, at least to some extent.

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Furthermore, the new Standard may result in substantial changes to the timing of revenue recognition for some entities.

Entities will need to consider the extent to which changes, in some cases substantial, may be required to processes, IT systems and internal controls as a result both of the new model and of the increased disclosure requirements.

For further details of the new Standard, refer to the Deloitte IFRS in Focus (May 2014) as per the link below.

#### **Available resources and links**

- [Deloitte IFRS in Focus \(April 2015\)](#)
- [IASB Press Release \(May 2014\)](#)
- [IFRS 15, Revenue from Contracts with Customers](#)
- [IASB Project Summary and Feedback Statement \(May 2014\)](#)
- [Deloitte IFRS in Focus \(May 2014\)](#)
- [Deloitte U.S. Roadmap – Revenue from Contracts with Customers \(February 2015\)](#)
- [FASB Meeting on April 1, 2015 - Tentative Decisions \(April 2015\)](#)

## IFRS Foundation: IFRS Taxonomy 2015

**Effective date:** January 1, 2015

**Standard:** IFRS Taxonomy 2015

**Transitional provisions:** N/A

**Published by:** IFRS Foundation

**Last updated:** March 2015

**Applicable to:** All entities required to file XBRL exhibits with the SEC

### Recent activities

On March 11, 2015, the IFRS Foundation published the IFRS Taxonomy 2015.

### In summary

#### Overview

The IFRS Taxonomy is a translation of International Financial Reporting Standards (IFRS) into eXtensible Business Reporting Language (XBRL). The IFRS Taxonomy 2015 is consistent with IFRS as issued by the IASB at January 1, 2015, including standards published but not yet effective at that date.

The IFRS Taxonomy 2015 incorporates the 2014 Interim Release 1 and 2014 Interim Release 2 published in May and November 2014 respectively. The Proposed 2014 Interim Release 3 was published in December 2014, and these final changes (relating to (i) IFRS 9, Financial Instruments, published by the IASB in July 2014; and (ii) narrow-scope amendments to IFRS and the IFRS Taxonomy) have been incorporated directly within the IFRS Taxonomy 2015.

### Available resources and links

- [IFRS Taxonomy 2015 Press Release and related materials \(March 2015\)](#)

## IIRC Integrated Reporting Framework

**Effective date:** There is currently no regulatory requirement for IR in Canada

**Standard:** IIRC's Integrated Reporting Framework

**Transitional provisions:** Not applicable. There is currently no regulatory requirement for IR in Canada. It is a market-led initiative that aims to encourage companies to communicate their value creation story, rather than create another compliance burden.

**Published by:** IIRC

**Last updated:** March 2015

**Applicable to:** Companies that wish voluntarily to communicate their value creation story to stakeholders using IR

### Recent activities

On March 3, 2015, Deloitte released a guide for directors on integrated reporting. It looks at the drivers of integrated reporting, what integrated reporting is, and the real benefits that businesses have seen behind integrated reporting.

On June 25, 2014, a report compiled by the six largest international accounting networks has found that traditional financial statements do not give investors the long term focus they need in their decision making, and that improvements to corporate reporting, such as integrated reporting principles, are needed to encourage private investments in the infrastructure sector. The report, *Unlocking Investment in Infrastructure - Is current accounting and reporting a barrier?*, was commissioned by the B20 Group (B20), a group of business leaders from large companies which tries to influence governments from the Group of 20 (G20) countries on business related issues.

On December 9, 2013, the IIRC issued its International Integrated Reporting (IR) Framework.

### In summary

#### Overview

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about value creation should be the next step in the evolution of corporate reporting. The IR Framework has been developed to meet this need and provide a foundation for the future.

The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. An integrated report benefits all stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers.

Commenting on the release of the Framework, IIRC Chairman Professor Mervyn King SC, said, "We have been taken aback by the degree to which mainstream businesses and investors have been willing to participate in creating this Framework and embarking on their own <IR> journey. Last month PepsiCo became the latest global company to sign up to the IIRC's 100-plus strong business network, which includes HSBC, Unilever, Deutsche Bank, China Light & Power, Hyundai Engineering and Construction, National Australia Bank and Tata Steel.

IIRC Chief Executive Officer, Paul Druckman, said, "The Framework brings technical rigour and cohesion to a process that has grown organically and through market pressure over the last three years. Today we have fired the starting gun on a period of global adoption that will begin in early 2014 by showcasing

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practical examples of reporting innovation, including how businesses are demonstrating value creation using the 'capitals' model and principles such as the connectivity of information.”

#### **Available resources and links**

- [B20 Report \(June 2014\)](#)
- [IIRC Press Release \(December 2013\)](#)
- [IIRC International IR Framework \(December 2013\)](#)
- [Deloitte IFRS in Focus \(December 2013\)](#)
- [Deloitte Guide for Directors \(March 2015\)](#)

# Proposed standards





## IASB/AcSB Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Macro Hedging

**Comment period ends October 17, 2014**

<b>Proposed standard:</b>	Amendments to IFRS 9, <i>Financial Instruments</i> , in respect of accounting for macro hedging
<b>Proposed effective date:</b>	Not specified
<b>Published by:</b>	IASB
<b>Last updated:</b>	March 2015
<b>Applicable to:</b>	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, at its meeting on March 17-19, 2015, the IASB continued its discussion of the summaries of the comments received in response to the DP. No decisions were made. The IASB will consider possible next steps in future meetings.

On October 23, 2014, the EFRAG, EFFAS, ABAF and the IASB published a Summary Report of their third user (investor) outreach event relating to the ED, which was held on July 7, 2014. The event included: presentations from preparers explaining current practices in the banking and insurance sectors and from analysts on how the information is understood and used; an explanation of preliminary IASB and EFRAG positions; and a question and answer session.

At its meeting on October 15, 2014, the AcSB discussed the feedback obtained from the outreach activities with Canadian stakeholders and approved its response letter to the IASB.

On April 17, 2014, the IASB issued for public comment a Discussion Paper (DP) exploring an approach to better reflect entities' dynamic risk management activities in their financial statements, otherwise known as macro hedging.

### In summary

#### Overview

As part of its comprehensive response to the global financial crisis, the IASB is replacing IAS 39 with an entirely new financial instruments accounting Standard, known as IFRS 9, *Financial Instruments*. That project is in the final stages of completion. However, the IASB decided to treat as a separate project the macro hedging component of these reforms in order to elicit views from a broader range of constituents. The DP represents the first stage in this project, by seeking public comment on a possible approach to accounting for an entity's dynamic risk management activities, namely the portfolio revaluation approach (PRA).

Under the PRA: (i) exposures that are risk-managed dynamically would be revalued for changes in the managed risk through profit or loss; (ii) fair value changes arising from risk management instruments that are used to manage this risk (derivatives) would also be recognized in profit or loss; (iii) the success of an entity's dynamic risk management is captured by the net effect of the above measurements in profit or loss; and (iv) fair valuation of the risk exposures that are dynamically managed is not required.

The PRA also addresses the needs of users by providing a more comprehensive set of disclosures concerning an entity's dynamic risk management activities.

### **Available resources and links**

- [IASB Press Release \(April 2014\)](#)
- [IASB DP \(April 2014\)](#)
- [IASB Snapshot \(April 2014\)](#)
- [IASB Board Member Perspectives Article \(April 2014\)](#)
- [IASB Project Summary](#)
- [Deloitte IFRS in Focus \(April 2014\)](#)
- [Deloitte Project Insights Summary](#)
- [EFRAG, EFFAS, ABAF and IASB Summary Report \(October 2014\)](#)

## IASB/AcSB Classification of Liabilities (Proposed Amendments to IAS 1)

**Comment period ends June 10, 2015**

**Proposed standard:** *Classification of liabilities (Proposed Amendments to IAS 1)*

**Proposed effective date:** Not specified

**Published by:** IASB and AcSB

**Last updated:** March 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

On March 11, 2015, the AcSB issued an ED that corresponds to the IASB's ED on this topic.

**On February 10, 2015, the IASB has published an ED of proposed amendments to IAS 1, *Presentation of Financial Statements*.**

### In summary

#### Overview

The amendments aim at a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

For further details, refer to the Deloitte IFRS in Focus below.

#### Available resources and links

- [IASB Press Release \(February 2015\)](#)
- [IASB ED \(February 2015\)](#)
- [Deloitte IFRS in Focus \(February 2015\)](#)
- [IASB Project Summary](#)
- [AcSB ED \(March 2015\)](#)

## IASB/AcSB Recognition of Deferred Tax Assets for Unrealised Losses (Proposed Amendments to IAS 12) <sup>UPDATED</sup>

**Comment period ends December 18, 2014**

**Proposed standard:** Limited amendments to IAS 12, *Income Taxes*

**Proposed effective date:** Not specified

**Published by:** IASB and AcSB

**Last updated:** April 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, at its meeting on March 24, 2015, the IFRIC was presented with a summary and an analysis of the 68 comment letters received on the ED. The IFRIS decided to propose that the IASB should proceed with the amendments, subject to some amendments to the wording proposed in the ED.

On October 3, 2014, the AcSB issued an ED that corresponds to the IASB's ED.

On August 20, 2014, the IASB published for public comment an ED which proposes limited amendments to IAS 12, *Income Taxes*.

### In summary

#### Overview

IAS 12 addresses the accounting for income taxes, including deferred tax assets. The draft amendments propose guidance that clarifies how to account for deferred tax assets related to debt instruments measured at fair value. The draft amendments are issued in response to diversity in practice and are relevant in circumstances in which the entity reports tax losses.

For further details, please refer to the related Deloitte IFRS in Focus per the link below.

#### Available resources and links

- [Deloitte IFRS in Focus \(August 2014\)](#)
- [IASB Press Release \(August 2014\)](#)
- [IASB ED \(August 2014\)](#)
- [AcSB ED \(October 2014\)](#)
- [IASB Project Summary](#)

## IASB/AcSB A Review of the Conceptual Framework for Financial Reporting <sup>UPDATED</sup>

### Comment period ended on January 14, 2014

**Proposed standard:** The DP is the first step towards the IASB revising its *Conceptual Framework for Financial Reporting*.

**Proposed effective date:** The IASB plans to publish an ED in the second quarter of 2015.

**Published by:** IASB and AcSB

**Last updated:** April 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, on April 24, 2015, the staff of the IASB has published a document setting out the key tentative decisions made by the IASB up to the end of March 2015 that affect the proposals in the DP.

At its meeting on March 17-19, 2015, the IASB discussed issues that have arisen in drafting the Conceptual Framework ED and tentatively decided: (i) to clarify the discussion of how measurement uncertainty can affect the relevance of financial information; (ii) to use the following terms in the ED: 'statement(s) of financial performance' and 'other comprehensive income'; (iii) on derecognition of an asset or liability, how to describe the treatment of related gains or losses accumulated in other comprehensive income; (iv) to add to the ED more discussion of how to establish the boundary of a reporting entity that is not a legal entity; and (v) to add a further item to the IASB's proposals for updating existing references to the Conceptual Framework.

On February 9, 2015, the IFRS Foundation staff has published a document setting out the key tentative decisions made by the IASB up to the end of January 2015 that affect the proposals in its DP.

On July 18, 2013, the IASB published for public comment a DP exploring possible changes to the IASB's *Conceptual Framework for Financial Reporting*.

### In summary

#### Overview

The DP is designed to obtain initial views and comments on important issues that the IASB will consider as it develops an ED of a revised Conceptual Framework. The issues include: (i) definitions of assets and liabilities; (ii) recognition and derecognition; (iii) the distinction between equity and liabilities; (iv) measurement; (v) presentation and disclosure; and (vi) other comprehensive income.

Commenting on the publication of the DP, Hans Hoogervorst, Chairman of the IASB said: "The Conceptual Framework underpins the work of the IASB and affects all IFRS that we develop. This Discussion Paper gives people the opportunity to help us to shape the future of financial reporting by discussing the concepts that drive our work."

#### Available resources and links

- [Deloitte Project Insights Summary](#)
- [IASB Press Release - Summary of Tentative Decisions \(November 2014\)](#)
- [IASB Summary of Tentative Decisions to March 31, 2015 \(April 2015\)](#)
- [IASB Press Release \(July 2013\)](#)
- [IASB DP \(July 2013\)](#)
- [IASB Snapshot \(July 2013\)](#)



## IASB/AcSB Insurance Contracts

**Comment period ended: To the IASB on October 25, 2013; to the AcSB on January 6, 2014**

**Proposed standard:** A new IASB standard on accounting for insurance contracts

**Proposed effective date:** Not yet determined. The IASB expects to continue its discussions on the insurance contracts project in early 2015.

**Published by:** IASB and AcSB

**Last updated:** March 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, at its meeting on March 17-19, 2015, the IASB continued its discussions on insurance contracts at an education session. At that education session the IASB discussed three key issues for the accounting for contracts with participation features: (i) if and how the contractual service margin should be adjusted to reflect changes in entity's share of underlying items; (ii) how to determine interest expense in profit or loss; and (iii) how the amounts in the contractual service margin should be allocated to profit or loss as the entity provides services to the policyholder. No tentative decisions were made.

On March 16, 2015, the IASB published a document that provides an overview of the general model for insurance contracts without participation features. The document also includes the tentative decisions reached during deliberations, as well as the reasoning behind those decisions.

On January 29, 2015, the IASB staff published an update on the Insurance Contracts project, including a podcast that summarizes the IASB's tentative decisions on transition reliefs.

At its meeting on January 20-22, 2015, the IASB discussed transition reliefs in the light of the fact that the earliest possible effective date of the new insurance contracts Standard will be after the mandatory effective date of IFRS 9, *Financial Instruments*, including tentatively deciding not to consider deferring the mandatory effective date of IFRS 9 for entities that issue insurance contracts. The IASB will continue its discussions on the Insurance Contracts project at future meetings.

At its meeting on February 19, 2014, the FASB tentatively decided to: (i) generally limit the scope of insurance accounting to insurance entities; (ii) retain the existing recognition and measurement model for short-duration contracts under U.S. GAAP and make targeted improvements to enhance the disclosures for such contracts; and (iii) make targeted improvements to the recognition, measurement, and disclosure model for long-duration contracts. These tentative decisions represent a significant change in the direction of the FASB's Insurance Contracts project and would result in a U.S. insurance accounting model that significantly diverges from the insurance accounting model proposed by the IASB.

On September 25, 2013 the AcSB issued an ED that corresponds to the IASB's 2013 ED on this topic. Canadian stakeholders are encouraged to provide their comments to the AcSB by January 6, 2014.

On June 20, 2013, the IASB published for public comment a revised ED (the 2013 ED) of proposals for the accounting for insurance contracts. At its September 20-28, 2012 meeting, the IASB had decided that a re-exposure draft should be issued. Comments to the IASB are due by October 25, 2013.

On July 30, 2010, the IASB published for public comment an ED, *Insurance Contracts*, (the 2010 ED) with a request for comments by November 30, 2010. On September 29, 2010, the AcSB issued an ED that corresponded to the IASB's ED. The IASB will continue its redeliberations at the October 2014 meeting.

### In summary

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## Overview

When the IASB began its work in 2001, International Accounting Standards had no standard on insurance contracts. In anticipation of adoption of IFRS by a number of jurisdictions, including the European Union, the IASB published IFRS 4, *Insurance Contracts*. That Standard enabled existing practices to be maintained and was intended as a stopgap measure pending a more fundamental reassessment of the accounting for insurance contracts. As a result, IFRS today has little guidance for entities that issue insurance contracts.

The IASB's 2010 ED, *Insurance Contracts*, represented an important milestone in Phase II of the IASB's project to revise fundamentally IFRS 4. Specifically, the ED required insurance liabilities to be measured using a transparent 'building blocks' accounting model based on a discounted probability weighted estimate of future cash flows. The proposed 'building block' approach for recognition of the insurance contract obligation is very different to the approaches and methods used currently; it includes three building blocks: (i) a current probability-weighted estimate of the future cash flows; (ii) a discount rate and a risk adjustment; (iii) a residual margin for uncertainty and future profits.

While the model presented in the 2010 ED was broadly supported, certain specific issues were raised by stakeholders that the IASB has sought to address in its revised 2013 ED. The revised proposals respond to these issues by introducing important changes in three main areas, namely:

- i) to refine *the measurement approach* to propose that: (a) an entity should recognize any change in estimates relating to future profits to be earned for insurance coverage under an insurance contract over the period in which that profit is earned; and (b) a measurement and presentation exception to reflect situations in which there can be no economic mismatch between the insurance contract and assets backing that contract.
- ii) to develop *the presentation approach* to propose that an entity should (a) align the presentation of revenue with that required for other contracts with customers by other IFRSs; and (b) present interest expense from insurance contracts in a way that enables an amortized cost-based expense to be presented in profit or loss and a current value-based balance sheet to be presented.
- iii) to amend the transition approach to propose simplifications that maximize the use of objective data and to improve comparability for contracts originated before and after application of the proposals

The revised 2013 ED sets out in full the proposals for the accounting for insurance contracts. However, respondents are asked for comments on the key areas that the IASB has changed as a result of the responses it received to the 2010 ED.

### Available resources and links

- [IASB Overview of the General Model for Insurance Contracts without Participation Features \(March 2015\)](#)
- [IASB Project Update including podcast \(January 2015\)](#)
- [Deloitte Project Insights Summary](#)
- [Deloitte IFRS in Focus \(June 2013\)](#)
- [IASB Project Summary](#)
- [IASB Press Release \(June 2013\)](#)
- [IASB ED \(June 2013\)](#)
- [AcSB ED \(September 2013\)](#)
- [IASB Snapshot \(June 2013\)](#)
- [IASB ED \(July 2010\)](#)



IASB/AcSB Leases <sup>UPDATED</sup>

**Comment period ended: the 2010 ED - December 15, 2010; the 2013 ED - September 13, 2013**

<b>Proposed standard:</b>	A new accounting standard in respect of leases for both lessees and lessors
<b>Next steps:</b>	The IASB expects to issue the new IFRS standard in Q4/2015. The effective date of the new standard is not yet known.
<b>Published by:</b>	IASB and AcSB
<b>Last updated:</b>	April 2015
<b>Applicable to:</b>	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

**Recent activities**

Most recently, at its meeting on March 17-19, 2015, the IASB continued its redeliberations on the proposals in the 2013 ED, specifically discussing: (i) disclosures on transition (a sweep issue); and (ii) due process, re-exposure and permission to ballot. The IASB members confirmed that they are satisfied that the IASB has completed all of the necessary due process steps on the project to date. The staff will start the balloting process for the new Leases standard and the IASB will discuss the effective date and any sweep issues that arise at a future Board meeting.

On March 16, 2015, the IASB published a document that provides an overview of (i) the likely practical effects of the new standard on leases and (ii) the similarities and differences between the IASB's requirements and those of the FASB.

On February 24, 2015, in the interests of providing feedback to stakeholders, the IASB staff published a short Project Update: Definition of a Lease (February 2015). This document explains how a lease would be defined in the new Leases Standard based on the IASB's decisions in redeliberations.

On August 7, 2014, the IASB staff published a document that provides an update on the most important tentative decisions reached on the Leases project during the first half of 2014. The document also explains the IASB's reasons for reaching those decisions and the remaining work to be done in completing the project.

At their meeting on July 22-14, 2014, the IASB and the FASB continued redeliberating the proposals in the 2013 ED, specifically discussing the following topics: (i) sale and leaseback transactions; and (ii) lessor disclosure requirements.

At their meeting on March 18-19, 2014, the FASB decided on a dual approach for lessee accounting, with lease classification being determined in accordance with the principle in existing lease requirements. Under this approach, a lessee would account for most existing capital/finance leases as Type A leases (that is, recognising amortisation of the right-of-use (ROU) asset separately from interest on the lease liability), and accounting for most existing operating leases as Type B leases (that is, recognising a single total lease expense). The IASB decided on a single approach for lessee accounting. Under that approach, a lessee would account for all leases as Type A leases (that is, recognising amortisation of the ROU asset separately from interest on the lease liability).

On August 8, 2013, the AcSB issued a revised ED that corresponds to the IASB's 2013 ED.

On May 16, 2013, the IASB and the FASB published for public comment a re-exposure draft (the 2013 ED) of joint proposals to improve the reporting of lease contracts.

On July 2011, the Boards unanimously agreed to re-expose the revised proposals for a common Leases standard. The main areas of change include the lessee accounting model—specifically, how the lessee recognises lease expense in its statement of comprehensive income for some leases; the lessor

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accounting model; the accounting for variable lease payments and renewal options; and the definition of a lease.

In October 2010, the AcSB issued an ED that corresponds to the IASB's 2010 ED.

On August 17, 2010, the IASB and the FASB published for public comment an ED of joint proposals to improve the reporting of lease contracts (the 2010 ED).

### Summary of project to date

For a summary of these proposed accounting changes, including the tentative decisions reached to date, refer to the attached link to the [Deloitte IFRS Project Insights Summary](#).

## In summary

### Overview

The 2013 ED, similar to the 2010 ED reflects the decision of the Boards to develop a new approach to lease accounting that would require a lessee to recognise assets and liabilities for the rights and obligations created by leases. The model reflects that, at the start of a lease, the lessee obtains a right to use the underlying asset for a period of time, and the lessor has provided or delivered that right. Consequently, the Boards have referred to the model as a *'right-of-use'* model. A lessee is required to would recognise a right-of-use asset and a lease liability for all leases of more than 12 months.

Different from the 2010 ED, the 2013 ED recognises that there are a wide variety of lease transactions with different economics. To better reflect these differences, the 2013 ED proposes a dual approach to the recognition, measurement and presentation of expenses and cash flows arising from a lease. The principle for determining which approach to apply is based on the amount of consumption of the underlying leased asset.

A lessee typically consumes a part of any equipment or vehicle that it leases (such as aircraft, ships, mining equipment, cars and trucks). That is because equipment and vehicles are depreciating assets, whose value not only declines over their economic lives but generally declines faster in the early years of their lives than in the later years. In such leases (Type A Leases), the lessor prices the lease to recover the value of the part of the asset consumed as well as obtaining a return on its investment in the asset.

In other leases (Type B Leases), the lessee merely uses the underlying asset without consuming more than an insignificant part of it. This is typically the case for most leases of real estate, i.e. leases of land and/or a building ('property'). Property typically has a relatively long life, and a large proportion of the lease payments for some property leases relates to the land element inherent in those leases. Land has an indefinite life and the value of the land would not be expected to be consumed by a lessee. In such leases, the lessor prices the lease to obtain a return on its investment in the underlying asset (without requiring recovery of the investment itself).

Under the 2013 ED, a lessee is required to determine whether it has entered into a Type A or a Type B Lease. A lessee that enters into a Type A Lease, in effect, acquires the part of the underlying asset that it consumes, which is typically paid for over time in the form of lease payments. Accordingly, a lessee would present amortisation of the right-of-use asset in the same line item as other similar expenses (for example, depreciation of property, plant, and equipment) and interest on the lease liability in the same line item as interest on other, similar financial liabilities. In contrast, the lease payments made in a Type B lease would represent amounts paid to provide the lessor with a return on its investment in the underlying asset, i.e. a charge for the use of the asset. That return or charge would be expected to be relatively even over the lease term. Accordingly, those payments for use are presented as one amount in a lessee's income statement and recognised on a straight-line basis. The presentation of cash outflows in the cash flow statement is consistent with the presentation of expenses in the income statement. For Type A Leases, the principal portion of cash payments is presented within financing activities and the interest portion within operating or financing activities. Cash payments for Type B Leases are presented as one amount within operating activities.

With respect to lessors, for all practical purposes, there are few changes proposed to the accounting currently applied by lessors of finance leases. For operating leases, the extent of change would depend on whether the underlying asset is property or equipment. A lessor would distinguish between most property (Type B Leases) and most equipment leases (Type A Leases) in the same way that a lessee would under the proposals. For operating leases of property, the accounting applied by the lessor is essentially unchanged. For operating leases of equipment or vehicles, however, the changes proposed

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are significant since a lessor of most equipment or vehicles leases would: (a) recognise a lease receivable and a retained interest in the underlying asset (the residual asset), and derecognise the underlying asset; and (b) recognise interest income on both the lease receivable and the residual asset over the lease term. The 2013 ED proposes disclosure to enable the user to determine the financial impacts of leases in the financial statements of both lessees and lessors.

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#### **Available resources and links**

- [Deloitte IFRS Project Insights Summary](#)
- [Deloitte IFRS in Focus \(May 2013\)](#)
- [IASB Overview of the Likely Practical implications of the New Leases Standard \(March 2015\)](#)
- [IASB Staff Project Update: Definition of a Lease \(February 2015\)](#)
- [IASB Staff Update Document \(August 2014\)](#)
- [IASB Press Release \(May 2013\)](#)
- [IASB Revised ED \(May 2013\)](#)
- [IASB Snapshot \(May 2013\)](#)
- [AcSB Revised ED \(August 2013\)](#)
- [Deloitte IFRS in Focus \(April 2014\)](#)
- [Deloitte IFRS in Focus \(October 2012\)](#)
- [AcSB's exposure draft \(www.acsbcanada.org\)](#)
- [IASB Project Summary](#)
- [IASB ED \(August 2010\)](#)
- [IASB Basis for Conclusions of the ED \(August 2010\)](#)
- [IASB SnapShot \(August 2010\)](#)
- [DTT IFRS in Focus: IASB issues Exposure Draft on Lease Accounting \(www.iasplus.com\)](#)
- [Deloitte USA Heads Up \(August 2010\)](#)
- [IAS Plus Commentary \(August 2010\)](#)

## IASB/AcSB Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36) <sup>UPDATED</sup>

**Comment period ends January 16, 2015**

**Proposed standard:** *Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value* (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36)

**Next steps:** Not specified

**Published by:** IASB and AcSB

**Last updated:** April 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, at its meeting on April 27-29, 2015, the IASB discussed the example proposed in the ED that illustrates the application of paragraph 48 of IFRS 13 and decided that it appropriately illustrates the application of paragraph 48 of IFRS 13. Noting that the illustrative example is non-authoritative, the IASB concluded that it was unnecessary to publish it as a separate document. The IASB will continue its discussions on the remaining aspects of the project in future meetings.

At its meeting on March 17-19, 2015, the IASB discussed summaries of the comments received in response to the ED. No decisions were made.

On November 7, 2014, the AcSB issued an ED that corresponds to the IASB's ED on this topic.

On September 16, 2014, the IASB issued for public comment an ED, *Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36)*.

### In summary

#### Overview

The ED details proposals concerning the measurement of investments in subsidiaries, joint ventures and associates at fair value when those investments are quoted in an active market. The proposed amendments clarify that an entity should measure the fair value of quoted investments and quoted CGUs as the product of the quoted price for the individual financial instruments that make up the investments held by the entity and the quantity of financial instruments.

For further details, please refer to the related Deloitte IFRS in Focus per the link below.

#### Available resources and links

- [Deloitte IFRS in Focus \(September 2014\)](#)
- [IASB Press Release \(September 2014\)](#)
- [IASB ED \(September 2014\)](#)
- [AcSB ED \(November 2014\)](#)
- [IASB Project Summary](#)

## IASB Proposed Amendments to the International Financial Reporting Standard for Small and Medium-sized Entities (IFRSs for SMEs)

**Comment period ended March 3, 2014**

**Proposed standard:** Limited Amendments to the IFRS for SMEs

**Proposed effective date:** The IASB expects to issue the final revisions to the IFRS for SMEs during Q2/2015.

**Published by:** IASB

**Last updated:** March 2015

**Applicable to:** Entities that account in accordance with IFRS for SMEs

### Recent activities

Most recently, at its meeting on February 18-20, 2015, the IASB considered comments made by respondents to the ED on the process for future reviews of the IFRS for SMEs. The IASB tentatively decided that: (i) comprehensive reviews of the IFRS for SMEs should commence approximately two years after the effective date of amendments to the IFRS for SMEs resulting from a previous comprehensive review; and (ii) between comprehensive reviews, the IASB, with input from the SME Implementation Group, would consider whether there is a need for an interim review to address any new and revised IFRSs not yet incorporated or urgent amendments. This process would mean that amendments to the IFRS for SMEs would be no more frequent than approximately once every three years.

The IASB discussed the main issues raised by respondents to the ED at its meeting on October 22-24, 2014 and, at its meeting on November 19, 2014, the IASB discussed the remaining issues raised by respondents to the ED. Most recently, at its meeting on December 16, 2014, the IASB considered the due process steps undertaken in developing the proposals. All IASB members agreed that the proposed amendments should be finalised without re-exposure. All IASB members also confirmed that they are satisfied that the IASB has completed all of the necessary due process steps on the project to date and therefore instructed the staff to commence the balloting process for the amendments to the IFRS for SMEs. One IASB member declared her intention to dissent from the publication of the final amendments.

At its meeting on May 20, 2014, the IASB discussed a summary of the feedback received on the ED, No decisions were made.

On October 3, 2013, the IASB issued for public comment an ED entitled, *Proposed amendments to the International Financial Reporting Standard (IFRS) for Small and Medium-sized Entities (SMEs)*.

### In summary

#### Overview

The ED contains the IASB's proposals for amendments to the IFRS for SMEs that resulted from the IASB's initial comprehensive review of this Standard. More than 30% of the 57 proposed amendments relate to minor clarifications to existing requirements of IFRS for SMEs. The amendments, which are listed in a table in the ED following the Introduction, are focused on simplification, additional guidance and alignment to IFRS.

IFRS for SMEs does not form part of Canadian GAAP. Instead the AcSB has issued Part II of the CPA Canada Handbook – Accounting.

### Available resources and links

- [Press Release \(October 2013\)](#)
- [IASB ED \(October 2013\)](#)
- [IASB Snapshot \(October 2013\)](#)
- [Deloitte IFRS in Focus \(October 2013\)](#)
- [IASB Report \(October 2014\)](#)

## IASB/AcSB Post-implementation Review of IFRS 3, Business Combinations

**Comment period ends May 30, 2014**

**Proposed standard:** N/A - Post-implementation Review of IFRS 3, *Business Combinations*

**Proposed effective date:** N/A - The IASB expects to issue the Feedback Statement in Q1/2015.

**Published by:** IASB and AcSB

**Last updated:** February 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, at its meeting on February 18-20, 2015, the IASB discussed the follow-up work needed for the Post-implementation Review of IFRS 3. The IASB decided to add the following issues to its research agenda: (i) how to improve the impairment test in IAS 36, *Impairment of Assets*; (ii) how to clarify the definition of a business; (iii) the subsequent accounting for goodwill (including the relative merits of an impairment-only approach and an amortisation and impairment approach); and (iv) the identification and measurement of intangible assets such as customer relationships and brand names.

On January 30, 2014, the IASB began the public consultation stage of its post-implementation review of IFRS 3, *Business Combinations*, by publishing a Request for Information (RFI) on experience with, and the effect of, implementing the Standard.

### In summary

#### Overview

The RFI seeks feedback on whether the Standard provides information that is useful to users of financial statements, whether there are areas of the Standard that represent implementation challenges and whether unexpected costs have arisen when preparing, auditing or enforcing the requirements of the Standard.

In addition to publishing the RFI, the IASB will also undertake a range of outreach activities internationally to gather further feedback on the effect of implementing IFRS 3.

#### Available resources and links

- [IASB Press Release \(January 2014\)](#)
- [IASB RFI \(January 2014\)](#)
- [IASB Project Summary](#)

## IASB/AcSB Reporting the Financial Effects of Rate Regulation

**Comment period ends January 15, 2015**

**Proposed standard:** This is the first step in the IASB's project to develop a comprehensive IFRS standard for entities that have rate-regulated activities.

**Proposed effective date:** Not specified

**Published by:** IASB and AcSB

**Last updated:** February 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, at its meeting on February 18-20, 2015, the IASB met to discuss a summary of the comments received in response to the DP, including noting the main messages received through outreach and comment letters, namely: (i) most respondents agree that the DP provides a good description of the distinguishing features of rate regulation. Many suggest that the scope of any future guidance should focus more on the rights and obligations and how they relate to the rate-setting mechanism, with other features being considered more as supporting features; (ii) many respondents suggest that the combination of rights and obligations created by defined rate regulation may not always be faithfully represented in IFRS financial statements and that the project should lead to the recognition of at least some regulatory deferral account balances in IFRS financial statements; (iii) many respondents agree that IFRS 14, *Regulatory Deferral Accounts*, is a good starting point for disclosure requirements; and (iv) of the four approaches outlined in the DP, there was the most support for the recognition of the financial effects of rate regulation through specific IFRS requirements. No decisions were made at the meeting.

On February 12, 2015, the European Financial Reporting Advisory Group has published a feedback statement on input received during outreach activities conducted with European users on the IASB's Discussion Paper,

On September 17, 2014, the IASB issued for public comment a Discussion Paper, *Reporting the Financial Effects of Rate Regulation*.

### In summary

#### Overview

The Paper seeks comments on whether or not the distinguishing features of defined rate regulation, as identified by the IASB, sufficiently capture the type(s) of rate regulation that have the most significant financial effects. The Paper does not include any specific accounting proposals. Instead, it explores what information about rate-regulated activities is most useful to users of financial statements and outlines possible approaches (and the accompanying advantages and disadvantages) that the IASB could consider in deciding how best to report the financial effects of rate regulation.

For further details, please refer to the related Deloitte IFRS in Focus and IASB Snapshot per the links below.

#### Available resources and links

- [EFRAG Feedback Statement \(February 2015\)](#)
- [Deloitte IFRS in Focus \(September 2014\)](#)
- [IASB Press Release \(September 2014\)](#)
- [IASB Snapshot \(September 2014\)](#)



- [IASB Discussion Paper \(September 2014\)](#)
- [IASB Project Summary](#)

# Projects



## IASB/AcSB Annual Improvements to IFRSs 2014-2016 Cycle <sup>UPDATED</sup>

**Proposed changes:** Annual Improvements to IFRSs 2014-2016 Cycle

**Next steps:** The IASB plans to issue an ED in Q3/2015

**Published by:** IASB and AcSB

**Last updated:** April 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

### Recent activities

Most recently, at its meeting on April 27-29, 2015, the IASB confirmed it would proceed with publishing an ED arising from the Annual Improvements to IFRSs 2014–2016 Cycle, which would include the following two proposed amendments: (i) IFRS 1, *First-time Adoption of International Financial Reporting Standards*: short-term exemptions for first-time adopters. This amendment was tentatively approved by the IASB in December 2013; and (ii) IAS 28, *Investments in Associates and Joint Ventures*: clarification that measuring investees at fair value through profit or loss is an investment- by- investment choice. This amendment was tentatively approved by the IASB in January 2015. At its meeting on July 23, 2014, the IASB decided to: (i) discontinue the Annual Improvements to IFRSs 2013-2015 Cycle project, because it would otherwise include only the proposed amendment to delete some short-term exemptions from IFRS 1, *First-time Adoption of International Financial Reporting Standards*. That proposed amendment had been approved in December 2013. (ii) initiate a new cycle, the Annual Improvements to IFRSs 2014-2016 Cycle project; and (iii) carry forward the proposed amendment to IFRS 1 and include it in the Annual Improvements to IFRSs 2014-2016 Cycle project.

### In summary

#### Overview

Changes to standards, however small, are time-consuming for the Board and burdensome for others. The IASB has adopted the Annual Improvements process to deal efficiently with a collection of narrow scope amendments to IFRSs even though the amendments are unrelated. The IFRS Interpretations Committee reviews the proposed amendments within the annual improvements process and makes recommendations to the IASB before they are issued.

At its meeting on December 12, 2013, the IASB tentatively decided to propose the deletion of the short-term exemptions in paragraphs E3-E7 of IFRS 1. It also tentatively decided to propose the deletion of the short-term exemption relating to the amendment to IFRS 7, *Financial Instruments: Disclosures* that was proposed in the ED Annual Improvements 2012-2014 Cycle published in December 2013.

### Available resources and links

- [IASB Project Summary](#)

## IASB/AcSB Clarifications to IFRS 15, Revenue from Contracts with Customers: Issues emerging from TRG discussions <sup>NEW</sup>

<b>Proposed changes:</b>	The objective of this project is to clarify the guidance in IFRS 15 in respect of issues arising from the discussions of the Transition Resource Group for Revenue Recognition (TRG).
<b>Next steps:</b>	The IASB expects to approve the clarifications (i.e. those decided upon at its February 2015 and March 2015 meetings) to be included in an ED at its meeting in June 2015.
<b>Published by:</b>	IASB and AcSB
<b>Last updated:</b>	April 2015
<b>Applicable to:</b>	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

### Recent activities

Most recently, at its meeting on April 27-29, 2015, the IASB discussed collectability considerations and tentatively decided not to make any clarifications or amendments to IFRS 15 in the light of the issues regarding collectability highlighted during the TRG discussions in January 2015.

At its joint meeting with the FASB on March 17-19, 2015, the IASB discussed issues emerging from recent meetings of the TRG. The discussions covered the following implementation issues (i) practical expedients upon transition relating to contract modifications and completed contracts; (ii) sales tax presentation: gross versus net; (iii) non-cash consideration; (iv) collectability considerations; and (v) principal versus agent considerations. The IASB reached different tentative conclusions on certain of these issues from the FASB. The IASB decided to incorporate its tentative decisions with respect to contract modifications and completed contracts into an ED of proposed clarifications to IFRS 15.

### In summary

#### Overview

The objective of this project is to clarify the guidance in IFRS 15 in respect of issues arising from the discussions of the Transition Resource Group for Revenue Recognition (TRG). The TRG is a group of financial statement preparers, auditors and users established by the IASB and the FASB to solicit, analyze and discuss stakeholder issues arising from the implementation of the new revenue standard. If applicable, the TRG informs the IASB and the FASB of which implementation issues may require further action on the part of the Boards. To date, the TRG has met four times, and a number of these issues have been brought to the attention of the Boards at their February, March and April 2015 meetings.

Deloitte has issued the following IFRS in Focus newsletters in respect of the four TRG meetings to date:

- November 10, 2014 - the July 2014 meeting of the TRG;
- November 10, 2014 – the October 2014 meeting of the TRG;
- February 9, 2015 - the January 2015 meeting of the TRG; and
- April 13, 2015 – the March 2015 meeting of the TRG.

#### Available resources and links

- [Heads Up — FASB issues proposed revenue ASU on licensing and identifying performance obligations](#)
- [IASB Project Summary](#)
- [Deloitte Project Insights Summary](#)

- IFRS in Focus (November 10, 2014) – July 2014 Meeting of the TRG
- IFRS in Focus (November 10, 2014) – October 2014 Meeting of the TRG
- IFRS in Focus (February 9, 2015) – January 2015 Meeting of the TRG
- IFRS in Focus (April 13, 2015) – March 2015 Meeting of the TRG

## IASB/AcSB Disclosure Initiative <sup>UPDATED</sup>

<b>Proposed changes:</b>	Amendments to various IFRS related to the Disclosure Initiative
<b>Next steps:</b>	The IASB expects to issue for public comment an ED of the Practice Statement on the application of materiality in June 2015.
<b>Published by:</b>	IASB and AcSB
<b>Last updated:</b>	April 2015
<b>Applicable to:</b>	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

### Recent activities

Most recently, at its meeting on April 27-29, 2015, the IASB met and discussed its Principles of Disclosure and Materiality projects. Re Materiality, the members of the IASB confirmed that they are satisfied that the IASB has completed all of the necessary due process steps to date. The IASB therefore instructed the staff to commence the balloting process for the ED. The IASB also tentatively decided that a general disclosure Standard (such as IAS 1, *Presentation of Financial Statements* or a replacement Standard) should include proposed amendments to the definition of materiality and clarifying paragraphs on the key characteristics of materiality. Re Principles of Disclosure, the IASB tentatively decided that the Principles of Disclosure Discussion Paper should include proposed amendments to the materiality and aggregation section of IAS 1, *Presentation of Financial Statements*. Those amendments would provide additional guidance on: (i) when an item should be separately presented in a primary financial statement or in the notes; and (ii) how much detail should be disclosed in the notes with regard to a specific disclosure requirement. The IASB also tentatively decided that a general disclosure standard (such as IAS 1 or a replacement Standard) should include: (i) a description of the role of the notes; and (ii) a central set of disclosure objectives built on the objective of Financial Statements and the role of the notes. The IASB will continue its discussion of issues related to the Principles of Disclosure project at its May meeting.

At its meeting on March 17-19, 2015, the IASB and discussed the Principles of Disclosure and Materiality subprojects. Re Principles of Disclosure, the IASB tentatively decided that a general disclosure standard (such as IAS 1, *Presentation of Financial Statements*, or a replacement standard) should: (i) specify that the statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows are collectively the 'primary financial statements'; (ii) always specify the intended location as either 'in the primary financial statements' or 'in the notes' when using the terms 'present' or 'disclose'; and (iii) include a description of the role of primary financial statements and the implications of a particular statement forming part of the primary financial statements. Re Materiality, the IASB considered, and expressed broad support for the direction and content of the proposed Practice Statement on the application of materiality. No decisions were made.

On June 13, 2014, the IASB staff issued an Update in respect of the Disclosure Initiative project. The Update covers the following items: (i) Principles of disclosure; (ii) Targeted improvements to disclosure requirements being (a) amendments to IAS 1; (b) reconciliation of liabilities arising from financing activities; (c) accounting policies; (d) other; and (iii) Materiality.

### In summary

#### Overview

The IASB is undertaking a broad-based initiative to explore how disclosures in IFRS financial reporting can be improved. This initiative has been informed by a Discussion Forum on Disclosure in Financial

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Reporting that was held in January 2013. In conjunction with this, the IASB staff also conducted a survey. A Feedback Statement on these events was published in May 2013.

The Disclosure Initiative is made up of a number of implementation and research projects, including: (i) certain narrow-focus amendments to IAS 1, *Presentation of Financial Statements* [Completed - see separate Final Standards item.] (ii) certain narrow focus amendments to IAS 7, *Statement of Cash Flows* [In process – see separate ED item]; (iii) a research project on General Disclosure; (iv) a research project on Materiality; and (v) a research project on the Principles of Disclosure.

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#### **Available resources and links**

- [IASB Disclosure Feedback Statement \(May 2013\)](#)
- [IASB Update \(June 2014\)](#)
- [IASB Project Summary](#)

## IASB/AcSB Draft IFRIC Interpretation: Accounting for Uncertainties in Income Taxes <sup>NEW</sup>

**Proposed changes:** A new IFRIC Interpretation, *Accounting for Uncertainties in Income Taxes*

**Next steps:** The release of the draft Interpretation is expected in Q2/2015

**Published by:** IASB and AcSB

**Last updated:** April 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

### Recent activities

At its meeting on April 27-29, 2015, the IASB reviewed the due process steps relating to the development and publication of the draft IFRIC Interpretation, confirmed that they are satisfied that the IASB has undertaken sufficient due process steps and therefore instructed the staff to start the balloting process.

### In summary

#### Overview

At its meeting on April 27-29, 2015, the IASB considered a draft IFRIC Interpretation: *Accounting for Uncertainties in Income Taxes*, developed by the IFRIC. The draft Interpretation proposes guidance on: (i) the recognition and measurement of income tax payable (recoverable) when there are uncertainties for income taxes; and (ii) the determination of units of measurement for uncertainties and on assumptions for tax authorities' examinations and would explain the existing relevant disclosure requirements.

### Available resources and links

- [IASB Project Summary](#)



## IASB/AcSB Pollutant Pricing Mechanisms (formerly Emissions Trading Schemes)

<b>Proposed changes:</b>	Comprehensive guidance on the accounting for emissions trading schemes.
<b>Next steps:</b>	The IASB plans to issue a Discussion Paper as the first due process output of this project
<b>Published by:</b>	IASB and AcSB
<b>Last updated:</b>	February 2015
<b>Applicable to:</b>	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

### Recent activities

In February 2015, the project was re-named “Pollutant pricing mechanisms”. Previously, it was named “Emissions Trading Schemes”.

At its meeting on January 20-22, 2015, the IASB discussed a project plan for Emissions Trading Schemes. The plan reflected the initial views expressed by the IASB, the Global Preparers Forum and the Accounting Standards Advisory Forum at meetings held in Q4/2014. The IASB tentatively agreed to: (i) set a broad scope for the project in order to consider the accounting for a variety of schemes that use emission allowances and other financial tools to manage the emission of pollutants and change the title of the project to reflect the broader scope; (ii) take a ‘fresh start’ approach to the project, i.e., that the IASB would not start from the tentative decisions made in the previous project but would instead establish the financial impact of such schemes before looking afresh at how to account for the combination of components that arise in them; (iii) work collaboratively with other standard-setters for research and outreach; and (iv) develop a Discussion Paper as the first due process output.

### In summary

#### Overview

The IASB added a project to its agenda in September 2005 to develop comprehensive guidance on the accounting for emissions trading schemes. Such schemes are an integral part of the Kyoto Protocol to reduce greenhouse gases. Among the reasons for adding the topic to the agenda, the IASB noted in particular the increasing international use (or planned use) of schemes designed to achieve reduction of greenhouse gases through the use of tradable permits. It also noted that there was a risk of diverse accounting practices for such schemes following the withdrawal of IFRIC 3, *Emission Rights*, and that this would impair the comparability and usefulness of financial statement information.

The objective of the project is to develop comprehensive guidance on the accounting for emissions trading schemes, including (but not limited to) the following issues: (i) Are emissions allowances assets? Is this conclusion affected by how the allowance is acquired? What is the nature of the allowance (e.g. license to emit or form of emission currency)? If allowances are assets, should they be recognized and, if so, how should they be measured initially? (ii) What is the corresponding entry for an entity that receives allowances from government free of charge? Does a liability exist? If so, what is the nature of the liability and how should it be measured both initially and subsequently? (iii) How should allowances be accounted for subsequently? Is the existing model in IAS 38 *Intangible Assets* or IAS 39 *Financial Instruments: Recognition and Measurement* appropriate? If not, what is the appropriate accounting? (iv) When should an entity recognize its obligations in emissions trading schemes and how should they be measured? How does the standard, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* apply? (v) What are the overall financial reporting effects of the above decisions?

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**Available resources and links**

- [IASB Project Summary](#)

## IASB/AcSB Narrow-scope amendments to IAS 19 and IFRIC 14

**Proposed changes:** Narrow-focus amendments to IAS 19, *Employee Benefits*, and IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

**Next steps:** The IASB expects to issue an ED in Q2/2015

**Published by:** IASB and AcSB

**Last updated:** February 2015

**Applicable to:** Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

### Recent activities

Most recently, at its meeting on February 18-20, 2015, the members of the IASB confirmed that they are satisfied that the IASB has complied with the necessary due process steps to date and therefore instructed the staff to begin the balloting process for the ED.

The IASB added this project to its Work Plan in January 2015.

### In summary

#### Overview

At its meeting on January 20-22, 2015, the IASB discussed recommendations from the IFRIC to amend IAS 19, *Employee Benefits*, and IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The recommendations relate to clarifying these standards in respect of (a) the availability of a refund of a surplus from a defined benefit plan when an independent trustee has unilateral powers; and (b) the remeasurement at a plan amendment, curtailment or settlement.

The IASB agreed with the recommendations of the IFRIC on the need to clarify these standards in respect of these issues and plans to combine the proposals described into a single amendment and will consider the due process undertaken on those proposed amendments at a future meeting.

### Available resources and links

- [IASB Project Summary](#)

## IASB/AcSB Transfer of Investment Property (Proposed Amendments to IAS 40)<sup>NEW</sup>

<b>Proposed changes:</b>	The objective of this project is to address the question of whether an investment property under construction should be transferred from inventory to investment property when there is an evident change in use.
<b>Next steps:</b>	The IASB expects to issue an ED of the proposed amendments to IAS 40 in Q3/2015.
<b>Published by:</b>	IASB and AcSB
<b>Last updated:</b>	April 2015
<b>Applicable to:</b>	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

### Recent activities

The IASB added this narrow scope project to its agenda at its meeting on April 27-29, 2015.

### In summary

#### Overview

At its meeting on April 27-29, 2015, the IASB discussed the recommendations from the IFRIC for a narrow scope amendment of paragraph 57 of IAS 40. The IASB tentatively agreed to amend paragraph 57 to reinforce the principle for transfers into, or out of, investment property in IAS 40 to specify that: (i) a transfer into, or out of investment property should be made only when there has been a change in use of the property; and (ii) such a change in use would involve an assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. As recommended by the IFRIC, the IASB tentatively decided that the list of circumstances set out in paragraph 57(a)–(d) should be re-presented as examples of evidence that a change in use has occurred, rather than as an exhaustive list.

### Available resources and links

- [IASB Project Summary](#)

# Abbreviations, a list of most commonly used acronyms

AASB	Auditing and Assurance Standards Board
AASOC	Auditing and Assurance Standards Oversight Council
AcSOC	Accounting Standards Oversight Council
AcSB	Accounting Standards Board
ASC	Alberta Securities Commission
AMF	Autorité des marchés financiers
BCSC	British Columbia Securities Commission
CAS	Canadian Auditing Standard
CPAB	Canadian Public Accountability Board
CPRB	Canadian Performance Reporting Board
CSA	Canadian Securities Administrators
DP	Discussion Paper
DTI	Deposit-taking Institution
ED	Exposure Draft
EIC	Emerging Issues Committee
FAQ	Frequently Asked Questions
FRE	Federally Regulated Entities
FRFI	Federally Regulated Financial Institution
OSC	Ontario Securities Commission
OSFI	Office of the Superintendent of Financial Institutions Canada
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IAASB	International Auditing and Assurance Standards Board
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IIROC	Investment Industry Regulatory Organization of Canada
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standard on Auditing
ITC	Invitation to Comment
NFPO	Not-for-profit Organization
PSAB	Public Sector Accounting Board
RFI	Request for Information
SOP	Statement of Principles

# Additional resources

The following Deloitte resources will assist you in maintaining your financial literacy throughout the year. To obtain more information about any of these resources, please communicate with your Deloitte partner or one of our contacts listed at the end of the publication.

Thought Leadership

## **Centre for Corporate Governance**

This Web site is specifically designed to help board members with their responsibilities. It provides the latest information on regulatory and legislative developments, accounting and financial reporting, board roles and responsibilities, and best practices.

([www.CorpGov.Deloitte.ca](http://www.CorpGov.Deloitte.ca))

## **Financial Reporting Assessment Tools**

Comprehensive assessment tools to help management and Directors determine whether or not their organizations' financial statements and other financial filings meet all of the continuous disclosure obligations. (<http://www.corpgov.deloitte.com/site/CanEng/self-assessments-tools-and-other-resources/financial-reporting-tools/>)

## **Clearly IFRS guides**

A series of practical guides for adopting and implementing IFRS.

(<http://www.iasplus.com/en/tag-types/member-firms/canada/clearly-ifsrs>)

## **Financial reporting insights**

A bi-weekly communication covering all financial reporting frameworks used in Canada.

(<http://www.corpgov.deloitte.com/site/CanEng/deloitte-periodicals/financial-reporting-insights>)

## **Deloitte Update**

Our new live webcast series featuring our professionals discussing critical issues that affect your business.

(<http://www.corpgov.deloitte.com/site/CanEng/financial-reporting/deloitte-update/>)

## **Acknowledgement**

This Digest is the result of the efforts of the following team of Deloitte professionals:

**Editor:** Chantal Rassart, CPA, CA, CPA (Illinois)

**Contributing Editor:** Michael Morrow, CPA, CA

**Technical Editors:** Anthony Bonanno, CPA, CA  
Nicole Deschamps, CPA, CA  
Elaine Hultzer, CPA, CA  
Kiran Kullar, CA  
Julia Suk, CPA, CA  
Nura Taef, CPA, CA

# Contacts, our experts network is available for your questions

## National

### Karen Higgins

416-601-6238  
Khiggins@deloitte.ca

### Andrew Macartney

416-874-3645  
amacartney@deloitte.ca

## Québec

### Ginette Nantel (Montréal)

514-393-7118  
gnantel@deloitte.ca

### Mélanie Leduc (Quebec Centre and Regions)

514-393-7293  
meleduc@deloitte.ca

## Ontario

### Elizabeth M. Abraham (GTA)

416-643-8008  
eabraham@deloitte.ca

### Allan Faux (GTA Private company services)

416-643-8758  
afaux@deloitte.ca

### Mark Morrison (SWO)

519-967-7713  
mmorrison@deloitte.ca

### Lynn Pratt (Ottawa)

613-751-5344  
lypratt@deloitte.ca

### David Gurnham (Ottawa)

613-751-6689  
dgurnham@deloitte.ca

## Saskatchewan

### Leigh Derksen

306-343-4431  
lderksen@deloitte.ca

## Alberta

### Paul Borrett (Edmonton)

780-421-3655  
paborrett@deloitte.ca

### Don Newell (Calgary)

403-298-5948  
dnewell@deloitte.ca

## British Columbia

### Albert Kokuryo

604-640-3232  
akokuryo@deloitte.ca

### Shirley Wolff

604-640-3022  
shwolff@deloitte.ca

## Atlantic

### Brian Groves

709-758-5225  
bgroves@deloitte.ca

Digests are available at [www.deloitte.com/ca/standards](http://www.deloitte.com/ca/standards).

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**Publication date** April 30, 2015. This page does not reflect changes made by standard-setting bodies after this date.

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