Deloitte's digest

An overview of standard-setting activities

February 28, 2015

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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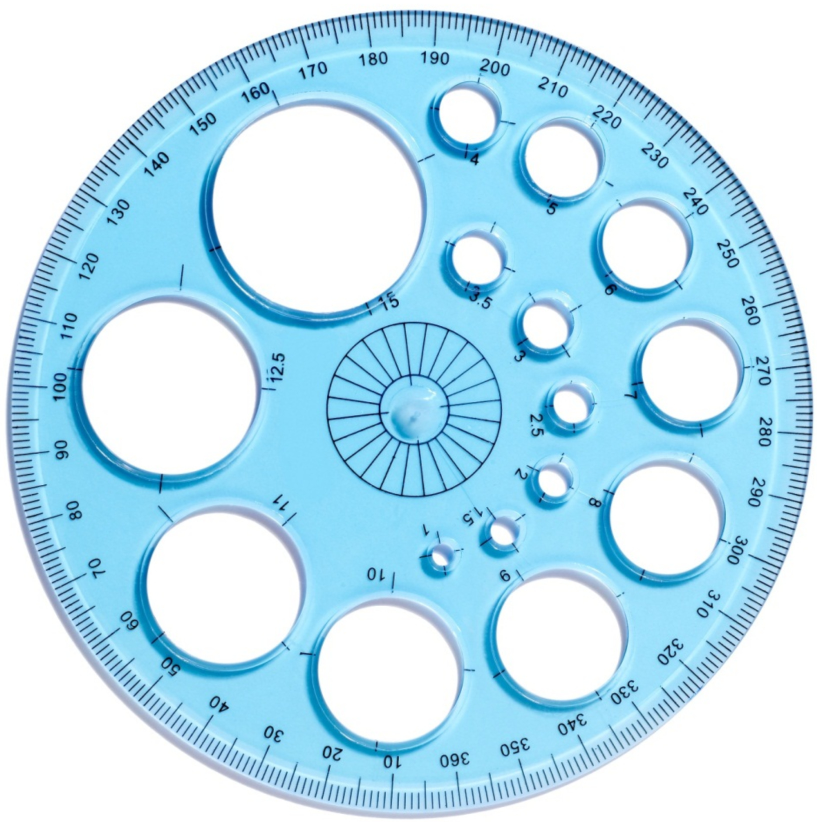
Final standards



IASB/AcSB Disclosure Initiative (Amendments to IAS 1)

Effective date: Annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

Standard:	*Disclosure Initiative (Amendments to IAS 1)*
Transitional provisions:	The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.
Published by:	IASB and AcSB
Last updated:	December 2014
Applicable to:	All publicly accountable entities (and those other entities that choose to adopt IFRS)

Recent activities

On December 18, 2014, the IASB issued *Disclosure Initiative (Amendments to IAS 1)* as part of its major initiative to improve presentation and disclosure in financial reports.

In summary

Overview

The amendments to IAS 1 relate to (i) materiality; (ii) order of the notes; (iii) subtotals; (iv) accounting policies; and (v) disaggregation and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. For further details, refer to the Deloitte IFRS in Focus below.

Available resources and links

- IASB Press Release (December 2014)
- IFRS in Focus (December 2014)
- IASB Project Summary

IASB/AcSB Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Effective date: Annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

Standard:	*Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)*
Transitional provisions:	The amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.
Published by:	IASB and AcSB
Last updated:	December 2014
Applicable to:	All publicly accountable entities (and those other entities that choose to adopt IFRS)

Recent activities

On December 18, 2014, the IASB issued *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).*

In summary

Overview

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities, as follows: (i) the amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; (ii) a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; (iii) when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and (iv) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. For further details refer to the Deloitte IFRS in Focus below.

Available resources and links

- IASB Press Release (December 2014)
- IFRS in Focus (December 2014)
- IASB Project Summary

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

UPDATED

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

AcSB Adoption of IFRSs by Entities with Rate-regulated Activities

Effective date: Fiscal years commencing on or after January 1, 2015

Standard:	Amendment to the Introduction to Part I of the CPA Canada Handbook - Accounting
Transitional provisions:	Eligible qualifying entities are permitted by the AcSB to defer mandatory adoption of IFRSs until fiscal years commencing on or after January 1, 2015.
Published by:	AcSB
Last updated:	January 2015
Applicable to:	Publicly accountable enterprises with rate-regulated activities

Recent activities

The interim standard (IFRS 14, *Regulatory Deferral Accounts*) was issued by the IASB on January 30, 2014.

At its meeting on November 6-7, 2013, the AcSB decided, subject to the expected interim standard being issued by the IASB in early 2014, against further extending its deferral of the mandatory date for first-time adoption of IFRSs by rate-regulated entities.

In February 2013, noting the IASB's intention to issue an interim standard by the end of 2013, the AcSB decided to extend the existing deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year to January 1, 2015 (from January 1, 2014).

At their meeting on September 5-6, 2012, AcSB decided to extend the deferral of the mandatory IFRS changeover date for entities with rate-regulated activities by an additional year to January 1, 2014.

At its meeting on March 20-21, 2012, the AcSB decided to extend the deferral of the mandatory IFRS changeover date for entities with rate-regulated activities by a further year to January 1, 2013.

At its September 2010 meeting, the AcSB decided to require entities with rate-regulated activities to adopt IFRSs for the first time no later than annual periods beginning on or after January 1, 2012.

In summary

Overview

Note that these optional deferrals in respect of the adoption of IFRSs apply to the consolidated financial statements of the parent company of a qualifying entity that is subject to rate regulation and to the qualifying rate-regulated subsidiary itself but not to the stand alone financial statements of other subsidiaries of the parent which do not, themselves, qualify for the deferral.

As a reminder, a qualifying entity is an entity that is subject to cost of service rate regulation that has recognized regulatory assets or regulatory liabilities in its financial statements as a result of rate regulation. These entities will also have made the appropriate disclosures required under AcG-19 *Disclosures by Entities Subject to Rate Regulation.*

The AcSB requires that an entity choosing to defer its IFRS changeover date disclose that fact, and when it will first present financial statements in accordance with IFRSs.

Available resources and links

- AcSB Decision Summary (November 2013)
- AcSB News (February 2013)

IASB/AcSB Annual Improvements to IFRSs 2012- 2014 Cycle

Effective date:	**Annual periods beginning on or after January 1, 2016. Earlier adoption permitted**
Standard:	Annual Improvements to IFRSs 2012- 2014 Cycle
Transitional provisions:	Annual periods beginning on or after January 1, 2016. Earlier adoption is permitted
Published by:	IASB and AcSB
Last updated:	January 2015
Applicable to:	All publicly accountable entities (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, on January 30, 2015, Highlight Summary I.29 dated February 2015, was issued adding *Annual Improvements to IFRSs 2012- 2014 Cycle* 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 September 25, 2014, the IASB issued its *Annual Improvements to IFRSs 2012 2014 Cycle*, which includes five amendments to four IFRSs under the IASB's annual improvements process, namely amendments to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7, *Financial Instruments: Disclosure*, IAS 19, *Employee Benefits*, and IAS 34*, Interim Financial Reporting*.

In summary

Overview

A summary of the amendments is as follows:

IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*

The amendments introduce specific guidance for when an entity reclassifies an asset (or disposal group) from being held-for- sale to held-for-distribution to owners (or vice versa), and for when held-for-distribution accounting is discontinued.

IFRS 7, *Financial Instruments: Disclosure*

a) Servicing contracts

The amendments provide additional guidance to clarify whether a servicing contract is 'continuing involvement' in a transferred asset for the purposes of applying the disclosure requirements in paragraphs 42E–42H of IFRS 7.

b) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendments clarify that the additional disclosure required by the December 2011 amendments to IFRS 7, *Disclosure–Offsetting Financial Assets and Financial Liabilities*, is not explicitly required for all interim periods. However, the additional disclosures may need to be included in condensed interim financial statements that are prepared in accordance with IAS 34, *Interim Financial Reporting*, when their inclusion would be required to comply with the requirements of IAS 34.

IAS 19, *Employee Benefits*

The amendments clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be in the same currency as the benefits to be paid, This requirement would result in the depth of the market for high quality corporate bonds needing to be assessed at the currency level.

IAS 34, *Interim Financial Reporting*

The amendments clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and require the inclusion of a cross-reference from the interim financial statements to the location of this information (noting that the relevant information must be available to users of the financial statements on the same terms as the interim financial statements and at the same date).

Further Details

For further details, including in respect of the transition requirements, refer to the Deloitte IFRS in Focus per the link below.

Available resources and links

- Deloitte IFRS in Focus (September 2014)
- IASB Press Release (September 2014)
- IASB Annual Improvements to IFRSs 2012- 2014 Cycle (September 2014)
- IASB Project Summary

CPA Canada Mining Industry Task Force on IFRSs UPDATED

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

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:	January 2015
Applicable to:	All publicly accountable entities (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, 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

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 (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 UPDATED

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

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. 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:	February 2015
Applicable to:	All publicly accountable entities (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, at their joint meeting on February 18, 2015, the IASB and the FASB considered how best to address the issues relating to IFRS 15 emerging from the discussions of the TRG, including certain issues relating to licensing and identifying performance obligations, The IASB decided that it would develop a single ED of proposed clarifications to IFRS 15. This ED will include the clarifications that the IASB tentatively decided to make at this meeting with respect to licensing and identifying performance obligations, together with any other clarifications that the IASB considers necessary in the light of the discussions at the TRG meetings in January 2015 and March 2015. The IASB expects to approve the clarifications to be included in the ED at its meeting in June 2015. This will be done in conjunction with the FASB in order to maintain convergence between IFRS 15 and FASB Topic 606, *Revenue from Contracts with Customers.*

On February18, 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 February 9, 2015, Deloitte issued an IFRS in Focus newsletter which summarizes the January 2015 meeting of the TRG.

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 November 10, 2014, Deloitte issued IFRS in Focus newsletters which summarize the July 2014 and October 2014 meetings of the IASB/FASB joint Transition Resource Group for Revenue Recognition (the TRG) See links below.

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. 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

- 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 IFRS in Focus – July 2014 Joint Meeting on Revenue (November 2014)
- Deloitte IFRS in Focus – October 2014 Joint Meeting on Revenue (November 2014)
- Deloitte IFRS in Focus – February 2015 , Joint Meeting on Revenue (January 2015)
- Deloitte U.S. Roadmap – Revenue from Contracts with Customers (February 2015)

IFRS Foundation: IFRS Taxonomy 2014

Effective date: Immediately

Standard:	IFRS Taxonomy 2014
Transitional provisions:	N/A
Published by:	IFRS Foundation
Last updated:	December 2014
Applicable to:	All entities required to file XBRL exhibits with the SEC

Recent activities

On December 19, 2014, the IFRS Foundation issued for public comment Proposed Interim Release 3 to the IFRS Taxonomy 2014. The interim release includes the IFRS Taxonomy elements for: (i) IFRS 9, *Financial Instruments*, published by the IASB in July 2014; and (ii) certain other narrow-scope amendments to IFRS and the IFRS Taxonomy. [See separate ED item.]

On November 12, 2014, the IFRS Foundation published Interim Release 2 to the IFRS Taxonomy 2014. This release updates the IFRS Taxonomy for IFRS 15, *Revenue from Contracts with Customers*, which was published by the IASB on May 28, 2014, and Common Practice (transport and pharmaceuticals).

On May 15, 2014, the IFRS Foundation issued Interim Release 1 to the IFRS Taxonomy 2014. The Interim Release includes IFRS 14, Regulatory Deferral Accounts, which was issued by the IASB on January 30, 2014.

On March 5, 2014, the IFRS Foundation published the IFRS Taxonomy 2014.

In summary

Overview

The IFRS Taxonomy is a translation of International Financial Reporting Standards (IFRS) into eXtensible Business Reporting Language (XBRL). The IFRS Taxonomy 2014 is consistent with IFRS as issued by the IASB at January 1, 2014, including standards published but not yet effective at that date.

The IFRS Taxonomy 2014 consolidates all IFRS Taxonomy Proposed Interim Releases issued since the publication of the IFRS Taxonomy 2013. These releases mainly related to IFRS 9, *Financial Instruments* (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39), *Recoverable Amount Disclosures for Non-Financial Assets* (Amendments to IAS 36), and two sets of *Annual Improvements to IFRSs* (2009–2011 and 2010–2012 Cycles). It also includes new concepts that reflect certain industry practices. These common practice concepts have been derived from an analysis of IFRS financial statements prepared by companies engaged in real estate and telecommunication activities.

The IFRS Taxonomy 2014 follows a different architecture to the IFRS Taxonomy 2013, with separated modules for full Standards, IFRS for SMEs and IFRS Practice Statement Management Commentary.

Available resources and links

- Press Release (November 2014)
- Press Release (May 2014)
- Press Release (March 2014)
- IFRS Taxonomy 2014 and related materials (March 2014)

AcSB 2014 Annual Improvements

Effective date: Annual financial statements relating to fiscal years beginning on or after January 1, 2015. Earlier adoption permitted

Standard:	2014 Annual Improvements
Transitional provisions:	Annual financial statements relating to fiscal years beginning on or after January 1, 2015. Earlier adoption permitted.
Published by:	AcSB
Last updated:	December 2014
Applicable to:	Private enterprises (and to certain not-for-profit organizations applying the standards in Part III; it may also apply to certain pension plans applying the standards in Part IV).

Recent activities

On December 5, 2014, the AcSB issued a Background Information and Basis for Conclusions document in respect of these changes.

In October 2014, Part II of the CPA Canada Handbook was updated in respect of the *2014, Annual improvements* to accounting standards for private enterprises. In this regard (i) Section 3856, *Financial Instruments*, has been amended as follows: (a) Paragraph 3856.33(c) has been amended to clarify the accounting for a hedging item when a reporting period ends between the date the hedged transaction occurs and the date the hedging item matures; and (b) Paragraph 3856.42 has been amended to clarify that disclosure of the carrying amount of impaired financial assets is required for financial assets other than current trade receivables.

In summary

Overview

At its meeting on July 16, 2014, the AcSB considered responses received from stakeholders to its March 2014 ED and the recommendations from its Private Enterprise Advisory Committee on how to proceed with the proposals based on that feedback.

The AcSB agreed in principle with the proposed amendment to Section 3462, *Employee Future Benefits*, to clarify that the option to use a funding valuation for unfunded defined benefit plans can only be applied by entities that have at least one funded defined benefit plan. However, in light of concerns raised by some stakeholders and the Committee, the AcSB directed the staff to redraft the relevant paragraphs to further clarify certain aspects. The AcSB plans to re-expose this proposal for public comment.

The AcSB approved the proposed amendment to Section 3856, *Financial Instruments*, related to hedging, subject to drafting improvements in light of respondents' comments and a written ballot. This amendment clarifies the accounting when a hedging instrument matures in an accounting period after the hedged item is recognized.

The AcSB agreed with the Committee's recommendation that the disclosure requirement for the allowance for trade receivables in Section 3856 should be the allowance in total. Consequently, the further detail proposed in the ED would not be required. The AcSB directed the staff to prepare a draft of the revised wording.

Available resources and links

- AcSB Background Information and Basis for Conclusions (December 2014)
- CPA Canada Handbook Part II Highlight summary no. II.12
- AcSB Project Summary
- AcSB ED (March 2014)

Proposed standards

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

Comment period ends October 17, 2014

Proposed standard:	Amendments to IFRS 9, *Financial Instruments,* in respect of accounting for macro hedging
Proposed effective date:	Not specified
Published by:	IASB
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 summaries of the comments received in response to the DP. No decisions were made. The IASB staff will present a comment letter analysis on the remaining sections of the DP to the IASB in March 2015.

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 and Measurement of Share-based Payment Transactions (Proposed Amendments to IFRS 2)

Comment period ends March 25, 2015

Proposed standard:	Amendments to IFRS 2, *Share-based Payment: Classification and Measurement of Share-based Payment Transactions*
Proposed effective date:	Not specified
Published by:	IASB and AcSB
Last updated:	January 2015
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, on January 7, 2015, the AcSB issued an ED that corresponds to the IASB's ED on this topic.

On November 25, 2014, the IASB issued for public comment an ED, *Classification and Measurement of Share-based Payment Transactions.*

In summary

Overview

The ED brings together a collection of three proposed amendments to IFRS 2. These proposed amendments were initially discussed by the IFRS Interpretations Committee. The proposals provide guidance on: (i) the accounting for the effects of vesting conditions on the measurement of a cash-settled share-based payment; (ii) the classification of share-based payment transactions with net settlement features; and (iii) the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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

Available resources and links

- AcSB ED (January 2015)
- Deloitte IFRS in Focus (November 2014)
- IASB Press Release (November 2014)
- IASB ED (November 2014)
- IASB Project Summary

IASB/AcSB Classification of liabilities (Proposed Amendments to IAS 1) NEW

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:	February 2015
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

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

IASB/AcSB A Review of the Conceptual Framework for Financial Reporting UPDATED

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 issue an ED 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, 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.

At its meeting on January 20-22, 2015, the IASB discussed certain sweep issues that have arisen during the drafting of the Conceptual Framework ED.

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 (February 2015)
- IASB Press Release (July 2013)
- IASB DP (July 2013)
- IASB Snapshot (July 2013)
- IASB Project Summary

IASB/AcSB Insurance Contracts UPDATED

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:	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 continue its discussions on insurance contracts at an education session. The IASB discussed its tentative decisions on the level of aggregation and considered the application of those decisions to contracts with and without participation features.

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

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 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 UPDATED

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

Proposed standard:	A new accounting standard in respect of leases for both lessees and lessors
Next steps:	The IASB expects to issue the new IFRS standard in the second half of 2015. The effective date of the new standard is not yet known.
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

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.

At its meeting on February 18-20, 2015, the IASB met to continue redeliberating the proposals in the 2013 ED, specifically discussing: (i) transition; (ii) leases of small assets; and (iii) subleases discount rate (sweep issue). The IASB expects to review the due process on the leases project, and discuss the effective date and any sweep issues that arise at a future IASB meeting.

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 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 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.

Available resources and links

- Deloitte IFRS Project Insights Summary
- Deloitte IFRS in Focus (May 2013)
- 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 Proposed Amendments to the International Financial Reporting Standard for Small and Medium-sized Entities (IFRSs for SMEs) UPDATED

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 the first half of 2015.
Published by:	IASB
Last updated:	February 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 UPDATED

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 Proposed Interim Release 3 to the IFRS Taxonomy 2014

Comment period ends February 17, 2015

Proposed standard:	Proposed Interim Release 3 to the IFRS Taxonomy 2014
Proposed effective date:	Not specified
Published by:	IFRS Foundation
Last updated:	December 2014
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On December 19, 2014, the IFRS Foundation issued for public comment *Proposed Interim Release 3 to the IFRS Taxonomy 2014.*

In summary

Overview

The interim release includes the IFRS Taxonomy elements for: (i) IFRS 9, Financial Instruments, published by the IASB in July 2014; and (ii) certain other narrow-scope amendments to IFRS and the IFRS Taxonomy.

Available resources and links

- IASB Press Release (December 2014)
- Proposed Interim Release 3 to the IFRS Taxonomy 2014 (December 2014)

IASB/AcSB Reconciliation of liabilities from financing activities (Proposed Amendments to IAS 7)

Comment period ends April 17, 2015

Proposed standard:	*Reconciliation of liabilities from financing activities (Proposed Amendments to IAS 7)*
Proposed effective date:	Not specified
Published by:	IASB and AcSB
Last updated:	January 2015
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

On January 27, 2015, the AcSB issued an ED that corresponds to the IASB's ED on this topic.

On December 18, 2014, as part of the Disclosure Initiative, the IASB issued for public comment an Exposure Draft entitled *Reconciliation of liabilities from financing activities (Proposed Amendments to IAS 7).*

In summary

Overview

The first amendment proposes that an entity should disclose a reconciliation of the amounts in the opening and closing statements of financial position for each item for which cash flows have been, or would be, classified as financing activities in the statement of cash flows, excluding equity items. The result of requiring this reconciliation is that investors will be provided with improved disclosures about an entity's debt and movements in debt during the reporting period. The second amendment proposes to extend the disclosures required by IAS 7 about an entity's liquidity and proposes disclosures about the restrictions that affect the decisions of an entity to use cash and cash equivalent balances, including tax liabilities that would arise on the repatriation of foreign cash and cash equivalent balances. For further details, refer to the Deloitte IFRS in Focus below.

Available resources and links

- IASB Press Release (December 2014)
- Deloitte IFRS in Focus(December 2014)
- IASB ED (December 2014)
- AcSB ED (January 2015)
- IASB Project Summary

IASB/AcSB Reporting the Financial Effects of Rate Regulation UPDATED

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 Amendments to IAS 28: Elimination of Gains Arising from 'Downstream' Transactions

Proposed changes:	Amendments to IAS 28, *Investments in Associates and Joint Ventures*: Elimination of Gains Arising from 'Downstream' Transactions
Next steps:	Development of an ED, which is expected to be issued for comment in Q2/2015
Published by:	IASB and AcSB
Last updated:	January 2015
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, at its meeting on March 21, 2014, the IASB considered whether it should amend paragraph 31 of IAS 28. That paragraph specifies how an entity recognises a gain when an investor contributes an asset to its associate or joint venture in exchange for both equity and other assets. The IASB decided (i) to propose to amend paragraph 31 of IAS 28 so that the portion of the gain or loss relating to the assets received in exchange for the contribution of an asset should be recognised only to the extent of unrelated investors' interests in the associate or joint venture; and (ii) include this amendment in the forthcoming ED on the Elimination of gains arising from "downstream" transactions.

At its meeting on January 21-23, 2014, the IASB staff explained the due process steps undertaken by the IASB in advance of publishing an ED. The IASB agreed that: (i) the ED should have a comment period of 120 days; and (ii) all of the due process requirements to date have been complied with.

At its July 2013 meeting, the IASB tentatively agreed with the recommendation from the IFRIC that an amendment to IAS 28 in respect of such situations was necessary.

In summary

Overview

The IFRIC received a request to clarify the accounting for a 'downstream' transaction between an entity and its joint venture in which the amount of the entity's share of the gain to be eliminated in accordance with paragraph 28 of IAS 28 exceeds the amount of entity's interest in the joint venture. Whether: (a) the gain from the transaction should be eliminated only to the extent that it does not exceed the carrying amount of the entity's interest in the joint venture, similarly to the requirement in paragraph 39 of IAS 28; or (b) the remaining gain in excess of the carrying amount of the entity's interest in the joint venture should also be eliminated and, if so, against what. At its meetings in March and May of 2013, the IFRIC concluded that approach (b) was appropriate and the excess should be recorded as a "deferred gain". The IFRIC observed that IAS 28 does not provide sufficient guidance on this issue.

Available resources and links

- Deloitte Project Insights Summary
- IASB Project Summary

IASB/AcSB Annual Improvements to IFRSs 2014-2016 Cycle

Proposed changes:	Annual Improvements to IFRSs 2014-2016 Cycle
Next steps:	The IASB plans to issue an ED in Q2/2015
Published by:	IASB and AcSB
Last updated:	January 2015
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

Recent activities

Most recently, at its meeting on January 20-22, 2015, the IASB tentatively decided to clarify that the election in paragraph 18 of IAS 28, *Investments in Associates and Joint Ventures*, (which permits an entity that is a venture capital organisation or other qualifying entity to elect to measure an investment in an associate or a joint venture at fair value through profit or loss) is available on an investment-by-investment basis. Additionally, the IASB tentatively decided to clarify that the election in paragraph 36A of IAS 28 (which permits an entity that is not an investment entity the choice to retain the fair value measurements used by its investment entity associate or joint venture when applying the equity method of accounting for such an investment) is also available on an investment-by-investment basis. These clarifications will be addressed as part of the Annual Improvements process.

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 Disclosure Initiative UPDATED

Proposed changes:	Amendments to various IFRS related to the Disclosure Initiative
Next steps:	The IASB expects to issue a DP for public comment in respect of the Principles of Disclosure 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 IASB met to discuss how the Principles of Disclosure Discussion Paper (the DP) should address the inclusion of non-IFRS information in the financial statements, including both (i) alternative performance measures such as the depiction of non-recurring, unusual or infrequently occurring items in the statement of comprehensive income, EBIT and EBITDA; and (ii) other non-IFRS information. At its March meeting the IASB plans to discuss the following: (i) further topics as part of its Principles of Disclosure project, including the role of the financial statements, excluding the notes; and (ii) as part of the Materiality project, the content of an ED of a Practice Statement on materiality.

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 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.

Available resources and links

- IASB Disclosure Feedback Statement (May 2013)
- IASB Update (June 2014)
- IASB Project Summary

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

Proposed changes:	Comprehensive guidance on the accounting for emissions trading schemes.
Next steps:	The IASB plans to issue a Discussion Paper as the first due process output of this project
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

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?

Available resources and links

- IASB Project Summary

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

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

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)

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-ifrs)

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
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

Gloria Lemire (Quebec Centre and Regions)
819-473-7293
glemire@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

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