

## 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.

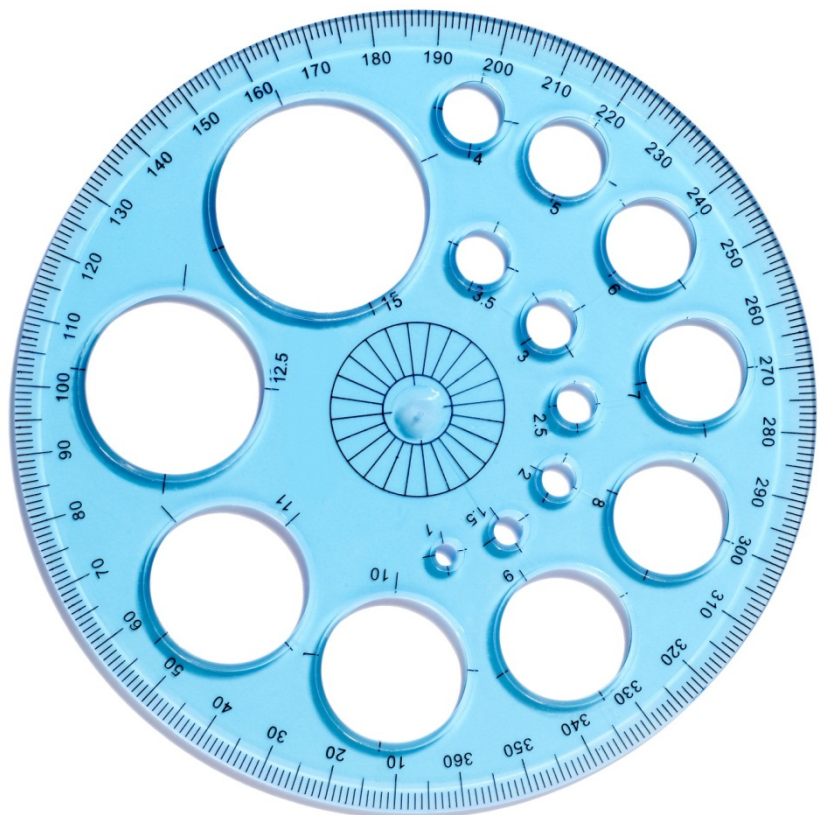
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# Final standards



# International financial reporting standards (Part I)



## AcSB Due Process and Oversight re Part I of the CPA Canada Handbook – Accounting

**Effective date:** July 2013

**Standard:** Amendments to the Preface to the CPA Canada Handbook - Accounting and the Introduction to Part I - International Financial Reporting

**Transitional provisions:** N/A

**Published by:** AcSB

**Last updated:** November 2014

**Applicable to:** Entities reporting in accordance with IFRS

### Recent activities

At its meeting on November 5-6, 2014, the AcSB continued its discussion of the challenges faced by Canadian stakeholders being the first to adopt new IFRSs when other jurisdictions permit new IFRSs to be adopted at a date later than required by the IASB and AcSB. The AcSB decided to take additional steps to: (i) encourage a single date for the global adoption of new IFRSs through discussions with the IASB, regulators and standard setters in other jurisdictions; and (ii) explore various ways to support the implementation of new IFRSs through the identification and discussion of issues in Canada and other jurisdictions.

At its meeting on June 17, 2014, the AcSB adopted the new Charter “The IASB and other national standard-setters – Working together to develop and maintain global financial reporting standards,” which sets out the basis of the AcSB’s working relationship with the IASB. The AcSB also adopted the new Charter of the International Forum of Accounting Standard Setters.

On May 21, 2014, the AcSB issued an updated version of its Due Process Handbook.

On July 2013, the Preface to the CPA Canada Handbook – Accounting and the Introduction to Part I - International Financial Reporting Standards were amended to clarify the authority for financial reporting requirements in Canada and the basis for adopting IFRSs into Canadian generally accepted accounting principles, including issues related to early adopting new and amended IFRSs.

### In summary

#### Overview

The amendments clarify the authority for financial reporting requirements in Canada and the basis for adopting IFRSs into Canadian generally accepted accounting principles, including issues related to early adopting new and amended IFRSs.

Of note in this regard: (i) Newly issued IFRSs are not part of Canadian GAAP until the AcSB has issued them into Part I of the CPA Canada Handbook – Accounting.[ Note: the AcSB’s necessary due process, translation and publication processes can take two to five months to complete following the issuance of a new or amended IFRS by the IASB.] (ii) Adoption (including any early adoption permitted by the IASB) of a new or amended IFRS in published financial statements would not be in accordance with Canadian GAAP and securities regulations (in particular, National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards* ) until the standard is issued into the CPA Canada Handbook - Accounting. (iii) Paragraph 30 of IAS 8, which is part of Canadian GAAP, requires advance disclosures about newly issued IFRSs even when the standards have not yet been included in Canadian GAAP (i.e. issued into the CPA Canada Handbook – Accounting). These disclosures can be provided before the standards are adopted into Canadian GAAP (i.e. issued into the CPA Canada Handbook – Accounting) and may be necessary for compliance with regulatory requirements. Additional details of the basis for

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these conclusions is provided in the AcSB Staff Commentary, *Newly Issued IFRSs: Early Adoption and Advance Disclosure Issues*

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**Available resources and links**

- [Charter - The IASB and other accounting standard-setters, Working together to develop and maintain global financial reporting standards](#)
- [AcSB Due Process Handbook \(May 2014\)](#)
- [Preface to the CPA Canada Handbook – Accounting and the Introduction to Part I - International Financial Reporting Standards](#)
- [AcSB Decision Summary \(October 2012\)](#)
- [AcSB Staff Commentary, Newly Issued IFRSs: Early Adoption and Advance Disclosure Issues](#)



## IASB/AcSB Disclosure Initiative (Amendments to IAS 1)<sup>NEW</sup>

**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) <sup>NEW</sup>

**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 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:** November 2014

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

### Recent activities

Most recently, at its meeting on November 5-6, 2014, the AcSB decided, subject to written ballot, to incorporate IFRS 9 into Part I of the CPA Handbook during Q1/2015. Of note, new IFRSs become part of Canadian GAAP only once they have been issued in the CPA 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,

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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.

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#### **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

**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:** November 2014

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

### Recent activities

On November 10, 2014, Deloitte issued IFRS in Focus newsletters which summarize the July 2014 and October 2014 meetings of the IASB and FASB joint revenue transition resource group. See links below.

At its meeting on November 5-6, 2014, the AcSB decided, subject to written ballot, to incorporate IFRS 15 into Part I of the CPA Handbook during Q1/2015. Of note, new IFRSs become part of Canadian GAAP only once they have been issued in the CPA 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. 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 \(November 2014\)](#)



## IASB IFRS Learning Resources List

**Effective date:** Not applicable

**Standard:** Not applicable – IFRS Learning Resources List

**Transitional provisions:** Not applicable

**Published by:** The IFRS Foundation Education Initiative

**Last updated:** October 2014

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

### Recent activities

On October 21, 2014, the IFRS Foundation Education Initiative issued an updated IFRS Learning Resources List.

### In summary

#### Overview

The IFRS Learning Resources List is a list of English language resources about IFRS available to accounting practitioners, educators, students, and others who wish to study IFRS. The list includes resources available from accounting firms, professional bodies, government agencies, commercial publishers, and the IASB itself and includes IFRS-based textbooks.

This list is not copyrighted and may be freely reproduced and distributed (without alteration).

#### Available resources and links

- [IASB Press Release \(October 2014\)](#)
- [IFRS Learning Resources List \(October 2014\)](#)

## IFRS Foundation: IFRS Taxonomy 2014 <sup>UPDATED</sup>

**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 \(March 2014\)](#)



# Proposed standards



# International financial reporting standards (Part I)



## 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>	October 2014
<b>Applicable to:</b>	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

### Recent activities

Most recently, 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:** November 2014

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

### Recent activities

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

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

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

**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:** October 2014

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

### Recent activities

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

### 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:** November 2014

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

### Recent activities

Most recently, on November 24, 2014, the IASB issued a summary prepared by its staff of the tentative decisions made in the course of redeliberations of the Conceptual Framework DP.

At its meeting on November 19, 2014, the IASB (i) discussed sweep issues and transaction costs; and (ii) noted that it has substantially completed its redeliberations of the Conceptual Framework 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 \(November 2014\)](#)
- [IASB Press Release \(July 2013\)](#)
- [IASB DP \(July 2013\)](#)
- [IASB Snapshot \(July 2013\)](#)
- [IASB Project Summary](#)

## 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:** November 2014

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

### Recent activities

Most recently, at its meeting on November 19, 2014, the IASB held an education session in which it considered a Paper prepared by the European Insurance CFO Forum setting out its proposals for the accounting for contracts with participating features. No decisions were made.

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



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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.

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#### Available resources and links

- [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**

**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:** December 2014

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

### Recent activities

Most recently, at their meeting on December 16, 2014, the IASB and the FASB continued redeliberating the proposals in the 2013 ED, specifically continuing their discussion from the October 2014 joint Board meeting about the definition of a lease.

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 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 \(www.acsbcanada.org\)](http://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 \(www.iasplus.com\)](http://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)

**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:** November 2014

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

### Recent activities

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) <sup>UPDATED</sup>

**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:** December 2014

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

### Recent activities

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 <sup>UPDATED</sup>

**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:** December 2014

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

### Recent activities

Most recently, at its meeting on December 16, 2014, the IASB discussed the feedback received on the most significant areas of IFRS 3. The IASB also discussed a comparison of the feedback received on the RFI with a review of relevant academic literature. In the light of these discussions, the IASB broadly agreed with the classification of the significance of the identified areas of IFRS 3 recommended by the staff. Accordingly, the staff will commence drafting the Feedback Statement.

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

NEW

**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) <sup>NEW</sup>

**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:** December 2014

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

### Recent activities

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 \(December 2014\)](#)
- [IASB Project Summary](#)

# Projects



# International financial reporting standards (Part I)



## IASB/AcSB Amendments to IAS 1, Classification of Liabilities

**Proposed changes:** A narrow-focus amendment to IAS 1, *Presentation of Financial Statements*.

**Next steps:** The IASB expects to issue an ED in Q1/2015.

**Published by:** IASB and AcSB

**Last updated:** October 2014

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

### Recent activities

Most recently, at its meeting on September 22-24, 2014, the IASB reviewed the due process steps taken to date in preparation for the publication of its proposals for a narrow-scope amendment to IAS 1 and instructed the staff to begin the balloting process for the ED.

At its meeting on March 21, 2014, the IASB tentatively decided to make certain amendments to the wording of IAS 1 to address this issue and asked the staff to prepare revised proposals for a narrow-scope amendment to IAS 1 for future public consultation

### In summary

#### Overview

The ED, *Annual Improvements to IFRSs 2010-2012 Cycle*, proposed to amend paragraph 73 of IAS 1 to clarify that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms. After considering the comments received from respondents, the IFRIC decided to recommend to the IASB that it should not confirm the proposed amendment to IAS 1 in its current form because it proposed to tie the classification requirements of financial liabilities in IAS 1 to the derecognition requirements of financial liabilities in IAS 39 and IFRS 9, which it thought was not appropriate.

### Available resources and links

- [IASB Project Summary](#)

## 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 Q1/2015

**Published by:** IASB and AcSB

**Last updated:** November 2014

**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:** November 2014

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

### Recent activities

Most recently, at its meeting on November 11, 2014, the IFRIC considered two items for this Annual Improvements cycle, as follows: IAS 19, *Employee Benefits*, Remeasurement at a plan amendment, curtailment or settlement: additional issue related to significant market fluctuations; and (ii) IAS 28, *Investments in Associates and Joint Ventures*, Measuring investees at fair value: an investment-by-investment choice or a consistent policy choice. The staff will present these two proposed annual improvements to the IASB at a future meeting.

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 Business Combinations under Common Control

**Proposed changes:** A project to develop guidance in accounting for business combinations under common control.

**Next steps:** The IASB plans a Board discussion in respect of this project in Q1/2015.

**Published by:** IASB and AcSB

**Last updated:** November 2014

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

### Recent activities

Most recently, at its meeting on September 22-24, 2014, the staff updated the IASB on recent outreach to national-standard setters, seeking information on local requirements relating to initial public offerings of securities. IASB members indicated their support for the direction of the project.

### In summary

#### Overview

The essence of the project is identifying whether and when an entity should continue to use the previous carrying amounts of a transferred business (carry-over accounting) and whether and when it should apply business combination accounting. The IASB will also assess whether any aspects of carry-over accounting or business combination accounting need to be modified for these combinations, because they are directed rather than externally transacted changes of control between related parties.

At its meeting on June 17-19, 2014, the IASB discussed the scope of the research project on business combinations under common control and tentatively decided that the project should consider (i) business combinations under common control that are currently excluded from the scope of IFRS 3, *Business Combinations*; (ii) group restructurings; and (iii) the need to clarify the description of business combinations under common control, including the meaning of common control. The IASB also tentatively decided to give priority to considering transactions that involve third parties, for example those undertaken in preparation for an initial public offering. This is an area of particular concern for securities regulators.

### Available resources and links

- [IASB Project Summary](#)

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

**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:** December 2014

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

### Recent activities

Most recently, at its meeting on December 16, 2014, the IASB continued its discussion on topics to be included in the Principles of Disclosure Discussion Paper (the DP). The topics discussed were: (i) a.cohesiveness in financial statements; and (ii) cash and cash equivalents and the management of liquid resources. At its January 2015 meeting the IASB expects to receive an update on the ongoing work in its Disclosure Initiative.

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 Emissions Trading Schemes

<b>Proposed changes:</b>	Comprehensive guidance on the accounting for emissions trading schemes.
<b>Next steps:</b>	The staff will bring a Project Plan to a future IASB meeting. The IASB plans a Board discussion in respect of this project in Q4/2014 to Q1/2015.
<b>Published by:</b>	IASB and AcSB
<b>Last updated:</b>	November 2014
<b>Applicable to:</b>	Publicly accountable enterprises (and those other entities that choose to adopt IFRSs)

### Recent activities

Most recently, at its meeting in November 2014, the IASB held an education session on Emissions Trading Schemes in which it considered a summary of background information on common types of emissions management schemes and related accounting issues. No decisions were made.

### 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 Financial Instruments with Characteristics of Equity

**Proposed changes:** This is currently a research project with the FASB to address issues related to the guidance in IAS 32, *Financial Instruments: Presentation*, which distinguishes between asset and liability instruments (non-equity instruments) and equity instruments.

**Next steps:** The IASB plans a Board discussion in respect of this project in Q4/2014.

**Published by:** IASB and AcSB

**Last updated:** November 2014

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

### Recent activities

Most recently, at its meeting on October 22-24, 2014, the IASB discussed the scope and next steps of this research project. The IASB decided to pursue two overlapping streams of work relating to (a) Classification: Investigating potential improvements to the classification of liabilities and equity in IAS 32 *Financial Instruments: Presentation*. This stream would also include an investigation of potential amendments to the definitions of liabilities and equity in the Conceptual Framework; and (b) Presentation and Disclosure: Investigating potential improvements to the presentation and disclosure requirements for financial instruments with characteristics of equity, irrespective of whether they are classified as liabilities or equity. The IASB also noted the interaction between this research project and the Conceptual Framework project

This is not an active project of the IASB. At its meeting on May 21-25, 2012, however, the IASB unanimously supported initiating a research programme focusing initially on various items, including financial instruments with the characteristics of equity.

On February 28, 2008 the IASB published a Discussion Paper, *Financial Instruments with Characteristics of Equity*, ("the DP"). The DP was open for comment until September 5, 2008.

### In summary

#### Overview

This project formed part of the Memorandum of Understanding (MOU) between the IASB and the FASB. The MOU sets out a Roadmap of Convergence between IFRSs and US GAAP.

The objective of this project is to improve and simplify the financial reporting requirements for financial instruments with characteristics of equity. Specifically, this project is intended to:

- Develop a better distinction between equity and non-equity instruments; and
- Converge IFRS and US GAAP in this area.

### Available resources and links

- [IASB Project Summary](#)
- [Deloitte Project Insights 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/>)

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