



Deloitte's digest

An overview of
standard-setting activities



May 31, 2014

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.

At the time of publication, the external links included in this page were active. However, if the documents on the hosting site have been subsequently modified, moved or archived, these external links may no longer work. If you need to locate a specific document and/or external site listed on this page that is no longer active, please contact us.

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Final standards



AcSB Due Process and Oversight re Part I of the CPA Canada Handbook – Accounting ^{UPDATED}

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: May 2014

Applicable to: Entities reporting in accordance with IFRS

Recent activities

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

Available resources and links

- [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 Amendments to IFRS 11, Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations ^{NEW}

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

Standard: Amendments to IFRS 11, *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*

Transitional provisions: To be applied prospectively, effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

On May 6, 2014, the IASB issued *Amendments to IFRS 11, Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*.

In summary

Overview

Previously IFRS 11 did not give explicit guidance on the accounting for acquisitions of interests in joint operations. The objective of the amendments is to add new guidance to IFRS 11 on accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, *Business Combinations*. Acquirers of such interests are to apply the relevant principles on business combination accounting in IFRS 3 and other standards, as well as disclosing the relevant information specified in these standards for business combinations.

The most significant impacts will be the recognition of goodwill (when there is an excess of consideration transferred over the identifiable net assets acquired) and the recognition of deferred tax assets and liabilities. Of note, the amendments apply not only to acquisitions of interests in joint operations but also when a business is contributed to a joint operation on its formation.

Available resources and links

- [IASB Press Release \(May 2014\)](#)
- [IFRS 11 \(as amended, May 2014\)](#)
- [IASB Project Summary](#)
- [Deloitte IFRS in Focus \(May 2014\)](#)

IASB/AcSB Amendments to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation ^{NEW}

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

Standard: Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*

Transitional provisions: To be applied prospectively, effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

On May 12, 2014, the IASB issued *Amendments to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*.

In summary

Overview

In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can only be rebutted in two limited circumstances: (a) the intangible asset is expressed as a measure of revenue and (b) the revenue and consumption of the intangible asset are highly correlated.

Available resources and links

- [IASB Press Release \(May 2014\)](#)
- [IAS 16 and IAS 38 \(as amended, May 2014\)](#)
- [IASB Project Summary](#)
- [Deloitte IFRS in Focus \(May 2014\)](#)

IASB/AcSB IFRS 15, Revenue from Contracts with Customers ^{NEW}

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 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: May 2014

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

Recent activities

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 \(May 2014\)](#)

IASB IFRS Research Centre

Launched April 2014

Standard: N/A - IFRS Research Centre

Transitional provisions: N/A

Published by: IASB

Last updated: April 2014

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

Recent activities

On April 22, 2014, the IASB announced the launch of its web-based IFRS Research Centre.

In summary

Overview

The IFRS Research Centre aims to facilitate communication between the IASB and the broader research community. Its main objectives are to increase awareness of the issues that the IASB will be considering in the coming two to three years, to encourage research professionals to undertake targeted research projects and to contribute to the IASB moving to more evidence-based standard-setting.

To achieve these objectives, the IFRS Research Centre will highlight ways for academics to participate in the standard-setting process and enable those engaged in research to stay informed about the IASB's research activities.

Available resources and links

- [IASB Press Release \(April 2014\)](#)
- [IFRS Research Centre website](#)

IFRS Foundation: IFRS Taxonomy 2014^{UPDATED}

Effective date: Immediately

Standard: IFRS Taxonomy 2014

Transitional provisions: N/A

Published by: IFRS Foundation

Last updated: May 2014

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

Recent activities

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 \(May 2014\)](#)
- [Press Release \(March 2014\)](#)
- [IFRS Taxonomy 2014 and related materials \(March 2014\)](#)

IASB/AcSB IFRIC 21, Levies

Effective date: Annual periods beginning on or after January 1, 2014

Standard: IFRIC 21, Levies

Transitional provisions: Effective for annual periods beginning on or after January 1, 2014

Published by: IASB and AcSB

Last updated: March 2014

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

Recent activities

On March 12, 2014, the AcSB issued a Summary of its IFRS Discussion Group's public meeting on February 26, 2014 relating to the implementation of IFRIC 21 in Canada. The Summary discusses both (i) property taxes; and (ii) levies other than property taxes.

On January 31, 2014, the AcSB issued a Summary of its IFRS Discussion Group's meeting on December 2, 2013 relating to the implementation of IFRIC 21 in Canada. Noting that the scope of IFRIC 21 is potentially quite broad and that careful consideration of all types of payments imposed by governments is necessary, the Discussion Group encourages preparers and auditors to focus on IFRIC 21 and to spend the necessary time to analyze the various payments made to government under this Interpretation.

On May 20, 2013, the IASB issued IFRIC 21: *Levies*, an Interpretation on the accounting for levies imposed by governments.

On May 31, 2012, the IFRIC published for public comment proposed guidance on the accounting for levies charged by public authorities on entities that operate in a specific market. On July 10, 2012, the AcSB issued a draft Interpretation that corresponds to the IFRIC's draft Interpretation.

In summary

Overview

IFRIC was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognize a liability to pay a levy. IFRIC 21 is an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation includes guidance illustrating how the Interpretation should be applied.

Available resources and links

- [Deloitte Projects Insights Summary](#)
- [IASB Press Release \(May 2013\)](#)
- [Deloitte IFRS in Focus \(June 2012\)](#)
- [IASB Press Release \(May 2012\)](#)
- [IASB Draft Interpretation \(May 2012\)](#)
- [AcSB's IFRS Discussion Group Meeting Summary \(December 2013\)](#)
- [AcSB's IFRS Discussion Group Public Meeting Summary \(February 2014\)](#)

Proposed standards



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

Comment period ends October 17, 2014

Proposed standard:	Amendments to IFRS 9, <i>Financial Instruments</i> , in respect of accounting for macro hedging
Proposed effective date:	Not specified
Published by:	IASB
Last updated:	April 2014
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

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](#)

IASB/AcSB Amendments to IAS 1, Presentation of Financial Statements, Relating to the Disclosure Initiative

Comment period ends July 23, 2014

Proposed standard:	Amendments to IAS 1, <i>Presentation of Financial Statements</i> , Relating to the Disclosure Initiative
Proposed effective date:	Not specified
Published by:	IASB and AcSB
Last updated:	April 2014
Applicable to:	Publicly accountable enterprises (and those other entities that choose to adopt IFRS)

Recent activities

Most recently, at its meeting on April 25, 2014, the IASB discussed the scope for the Principles of Disclosure research project. This project forms part of the IASB's Disclosure Initiative.

On April 22, 2014, the AcSB issued an ED that corresponds to the IASB's ED on this topic.

On March 25, 2014, the IASB published for public comment an ED outlining proposed amendments to IAS 1, *Presentation of Financial Statement*, relating to the IASB's Disclosure Initiative.

In summary

Overview

The proposed amendments: (i) Clarify the materiality requirements in IAS 1, including an emphasis on the potentially detrimental effect of overwhelming useful information with immaterial information. (ii) Clarify that specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated. (iii) Add requirements for how an entity should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position. (iv) Clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order. (v) Remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

Available resources and links

- [IASB Press Release \(March 2014\)](#)
- [IASB ED \(March 2014\)](#)
- [AcSB ED \(April 2014\)](#)
- [Deloitte IFRS In Focus \(March 2014\)](#)
- [IASB Project Summary](#)

IASB/AcSB Amendments to IAS 27: Equity Method in Separate Financial Statements

Comment period ends February 3, 2014

Proposed standard: Amendments to IAS 27, *Separate Financial Statements*

Proposed effective date: The IASB expects to issue the final amendments in Q3/2014 and that they will be effective January 1, 2016

Published by: IASB and AcSB

Last updated: April 2014

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

Recent activities

Most recently, the IASB met on April 23, 2014 to continue its redeliberations on the proposals in the ED. The IASB did the following: (a) discussed transition requirements and comments from respondents on other matters and decided to finalise the amendments as originally proposed; (b) decided that re-exposure of the proposed amendments was not required; (c) decided that the mandatory effective date of the final amendments should be January 1, 2016; and (d) confirmed that it was satisfied that it has completed all of the necessary due process steps on the project to date and therefore instructed the staff to commence the ballot process for the amendments to IAS 27.

On December 23, 2013, the AcSB issued an ED that corresponds to the IASB's ED on this topic.

On December 2, 2013, the IASB issued for public comment an ED entitled *Equity Method in Separate Financial Statements (Proposed amendments to IAS 27)*.

In summary

Overview

Prior to the revision in 2003 of IAS 27, *Consolidated and Separate Financial Statements*, and IAS 28 *Investments in Associates*, the equity method was one of the options available to an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. In 2003, the equity method was removed from the options. IAS 27, *Separate Financial Statements*, currently allows an entity to account for investments in subsidiaries, joint ventures and associates either at cost or in accordance with IFRS 9, *Financial Instruments*, in the entity's separate financial statements. The IASB has published this ED of proposed amendments to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

Available resources and links

- [IASB Press Release \(December 2013\)](#)
- [IASB ED \(December 2013\)](#)
- [IASB Project Summary](#)
- [Deloitte IFRS in Focus \(December 2013\)](#)
- [AcSB ED \(December 2013\)](#)

IASB/AcSB - Amendments to IAS 28, Equity method: Share of Other Net Asset Changes ^{UPDATED}

Comment period ends on March 22, 2013

Proposed standard: Amendments to IAS 28, *Investments in Associates and Joint Ventures*

Proposed effective date: At its meeting on May 21, 2014, the IASB decided that it will not proceed with these proposed amendments to IAS 28 (see below)

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

Most recently, at its meeting on May 21, 2014, the IASB decided that it will not proceed with these proposed amendments to IAS 28. Five members of the IASB indicated that they intend to dissent from the amendments; only nine members of the IASB were in favour of finalising the amendments as proposed, which was less than the number required (ten) to approve the amendments.

At its meeting on March 21, 2014 the IASB continued its deliberations on the ED and discussed the following: (i) transition requirements; (ii) finalisation or re-exposure of the proposed amendments; (iii) the mandatory effective date of the final amendments; and (iv) confirmation of due process steps undertaken to date. The IASB concluded that all of the necessary steps had been completed, that re-exposure was not required and that the amendments to IAS 28 should be applied prospectively for annual periods beginning on or after January 1, 2016.

On December 10, 2012, the AcSB issued an ED that corresponds to the IASB's ED.

On November 22, 2012, the IASB published for public comment an ED of proposed amendments to IAS 28, *Investments in Associates and Joint Ventures*.

In summary

Overview

The objective of the proposed amendments is to provide additional guidance in IAS 28. Specifically, it aims to provide guidance on how investors should recognize their share of the changes in the net assets of an investee that are not recognized in profit or loss or other comprehensive income of the investee, and that are not distributions received (i.e. 'other net asset changes').

As a result of a consequential amendment made by the 2007 revision to IAS 1 *Presentation of Financial Statements*, paragraph 10 of IAS 28 no longer states whether, and if so, where, the investor should account for its share of other net asset changes of the investee that are not recognized in profit or loss or other comprehensive income (OCI) of the investee, or that are not distributions received ('other net asset changes'). As a result of that consequential amendment, some view paragraphs 3 and 10 as being inconsistent with each other, or at least unclear.

To address this issue, the ED proposes to amend IAS 28 so that: (i) an investor should recognize in the investor's equity its share of the changes in the net assets of the investee that are not recognized in profit or loss or OCI of the investee, and that are not distributions received; and (ii) an investor should reclassify to profit or loss the cumulative amount of equity that the investor had previously recognized when the investor discontinues the use of the equity method.

The ED includes (i) a markup of the proposed amended wording of IAS 28, and (ii) a Basis of

Conclusions for the proposed amendments.

Available resources and links

- [Deloitte Project Insights Summary](#)
- [Press Release \(November 2012\)](#)
- [IASB ED \(November 2012\)](#)
- [AcSB ED \(December 2012\)](#)
- [Deloitte IFRS in Focus \(December 2012\)](#)

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

Comment period ends April 23, 2013

Proposed standard: Proposed narrow-scope amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*.

Proposed effective date: The IASB expects to issue these final amendments, which will be effective January 1, 2016, in Q2/2014.

Published by: IASB and AcSB

Last updated: March 2014

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

Recent activities

Most recently, at its meeting March 21, 2014, the IASB decided to amend the mandatory effective date of the forthcoming amendments to IFRS 10 and IAS 28 to January 1, 2016.

On January 30, 2013, the AcSB issued an ED that corresponds to the IASB's ED.

On December 13, 2012, the IASB published an ED of proposed narrow-scope amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*.

In summary

Overview

At its meeting in July 2013, the IFRIC was presented with a summary and analysis of the 65 comment letters received on the ED. The IFRIC decided that it should recommend that the IASB proceed with the amendments to IFRS 10 and IAS 28, subject to certain wording changes. It thinks that the proposed amendments would reduce diversity even if judgement will still be required in some cases to determine whether the assets sold or contributed constitute a business.

The objective of the proposed amendments is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of a subsidiary. The main consequence of the proposed amendments is that a full gain or loss would be recognised on the loss of control of a business (whether it is housed in a subsidiary or not), including cases in which the investor retains joint control of, or significant influence over, the investee.

Available resources and links

- [Deloitte Project Insights Summary](#)
- [Deloitte IFRS in Focus \(February 2013\)](#)
- [IASB Press Release \(December 2012\)](#)
- [IASB ED \(December 2012\)](#)
- [AcSB ED \(January 2013\)](#)

IASB/AcSB Annual Improvements Cycle 2012- 2014 ^{UPDATED}

Comment period ends March 13, 2014

Proposed standard: Annual Improvements Cycle 2012- 2014

Proposed effective date: Annual periods beginning on or after January 1, 2016; early application is expected to be permitted

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

Most recently, at its meeting on May 13-14, 2014, the IFRIC deliberated the comments received on the five proposed amendments that had been included in the ED. The IFRIC recommended all of these proposed amendments for finalisation subject only to minor changes and submitted them to the IASB for approval at a future IASB meeting.

On January 22, 2014, the AcSB issued an ED that corresponds to the IASB's ED on this topic.

On December 11, 2013, the IASB issued for public comment an ED entitled *Annual Improvements Cycle 2012- 2014*. The ED provides details of five proposed amendments to four IFRSs under the IASB's annual improvements project, namely 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 proposed amendments is as follows:

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

The IASB proposes to amend IFRS 5 by stating that in circumstances in which an entity (a) reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale; or (b) reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution, it shall not follow the guidance in paragraphs 27–29 to account for this change. The IASB also proposes to amend IFRS 5 by stating that in circumstances in which an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable it should cease held-for-distribution accounting and apply the guidance in paragraphs 27–29 of IFRS 5.

IFRS 7, Financial Instruments: Disclosure

(A) Servicing contracts

The IASB proposes to add guidance that clarifies how an entity should apply the guidance in paragraph 42C of IFRS 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' 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 IASB proposes to clarify that the additional disclosure required by the amendments to IFRS 7, *Disclosure—Offsetting Financial Assets and Financial Liabilities*, is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34, *Interim Financial Reporting*, when its inclusion would be required by the requirements of IAS 34.

IAS 19, Employee Benefits

The IASB proposes to clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Consequently, the IASB proposes to clarify that the depth of the market for high quality corporate bonds should be assessed at the currency level.

IAS 34, Interim Financial Reporting

The IASB proposes to amend IAS 34 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

Available resources and links

- [IASB Press Release \(December 2013\)](#)
- [IASB ED \(December 2013\)](#)
- [AcSB ED \(January 2014\)](#)
- [IASB Project Summary](#)
- [Deloitte IFRS in Focus \(December 2013\)](#)

IASB/AcSB Bearer Plants: Amendments to IAS 16 and IAS 41 ^{UPDATED}

Comment period ends October 28, 2013

Proposed standard: Amendments to IAS 16 and IAS 41 to require that bearer plants, once mature, be accounted for under IAS 16 and not, as currently, under IAS 41

Proposed effective date: The IASB plans to issue the final amendments in late June or early July 2014 and has decided that the effective date for the amendments should be January 1, 2016 with early application permitted.

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

Most recently, the IASB met on May 20, 2014 to discuss an issue that had arisen during the balloting process. The issue related to the transition provisions for current adopters of IFRS. For both the amendments to IAS 16 and the amendments to IAS 41, the IASB decided to exempt entities from providing, in the current period, the disclosure required by paragraph 28(f) of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Entities would still be required to provide those disclosures for prior periods.

At its meeting on April 23, 2014, the IASB confirmed that it was satisfied that it 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 IAS 16 and IAS 41. In addition, the IASB decided that the effective date for the amendments should be January 1, 2016 with early application permitted.

On July 15, 2013, the AcSB issued an ED that corresponds to the IASB's ED on this topic.

On June 26, 2013, the IASB published for public comment an ED of proposals to include bearer plants, once mature, within the scope of IAS 16, *Property, Plant and Equipment*.

In summary

Overview

Bearer plants are a class of biological assets that, once mature, are held by an entity solely to grow produce over their productive life. Examples include grape vines, rubber trees and oil palms.

Currently, IAS 41, *Agriculture*, requires all biological assets that are related to agricultural activity, including bearer plants, to be measured at fair value less costs to sell. This requirement is based on the principle that biological transformation is best reflected by fair value measurement.

However, once mature, bearer plants no longer undergo significant biological transformation. Furthermore, their operation is similar to that of manufacturing. Consequently, the ED proposes that bearer plants are accounted for by IAS 16 instead of IAS 41, thus permitting the use of either a cost model or a revaluation model. The produce growing on the bearer plants would remain under the fair value model in IAS 41.

Available resources and links

- [Deloitte Project Insights Summary](#)
- [IASB Project Summary](#)
- [IASB Press Release \(June 2013\)](#)
- [IASB ED \(June 2013\)](#)
- [AcSB ED \(July 2013\)](#)

IASB/AcSB Conceptual Framework ^{UPDATED}

Comment period ends 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 Q4/2014

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

Most recently, at its meeting on May 21, 2014, the IASB continued its redeliberations on the Conceptual Framework. The IASB discussed: (i) definitions of an asset and a liability; (ii) recognition criteria; (iii) approach to defining income and expense; (iv) reporting entity; (v) going concern; and (vi) Chapters 1 and 3 of the existing Conceptual Framework. The IASB plans to discuss further issues related to this project at its June 2014 meeting.

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 \(July 2013\)](#)
- [IASB DP \(July 2013\)](#)
- [IASB Snapshot \(July 2013\)](#)
- [IASB Project Summary](#)

IASB/AcSB Insurance Contracts ^{UPDATED}

Comment period ends: 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

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

Most recently, at its meeting on May 21, 2014, the IASB discussed the following issues raised in the responses to the 2013 ED: (i) recognising the contractual service margin in profit or loss; and (ii) fixed-fee service contracts, significant insurance risk, portfolio transfers and business combinations. The IASB will continue its redeliberations on the Insurance Contracts project at its June 2014 meeting.

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.

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

- [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 end: 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 expected effective date of the new standard is not yet specified

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

Most recently, at their meeting on May 20-22, 2014, the IASB and the FASB continued redeliberating the proposals in the 2013 ED, specifically discussing the following topics: (i) definition of a lease; (b) separating lease and non-lease components; and (iii) initial direct costs.

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 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)
- Deloitte USA Heads Up (August 2010)
- IAS Plus Commentary (August 2010)

IASB IFRS Taxonomy 2014: Common Practice Project

Those that wish to participate in the 2014 Common Practice Project are invited to express their interest by April 15, 2014.

Proposed standard: IFRS Taxonomy 2014: Common Practice Project

Proposed effective date: Not specified

Published by: IASB

Last updated: April 2014

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

Recent activities

On April 7, 2014, the IASB announced that it has established a Common Practice project related to the Taxonomy 2014 and is seeking suitable participants to contribute to this project.

In summary

Overview

For the last four years, IASB staff have been co-operating with external parties to identify common practice elements for addition to the IFRS Taxonomy. Common practice elements relate to qualitative or quantitative items that entities commonly present or disclose within IFRS financial statements, even though they are not referred to explicitly in Standards or Illustrative Examples accompanying the Standards.

The 2014 Common Practice Project will focus on identifying common practice elements related to the following activities: (a) chemicals; (b) information technology (including software, hardware, peripherals, etc.); (c) media (including publishing, television networks, digital downloads, printing, etc.); and (d) utilities.

Available resources and links

- [IASB Press Release \(April 2014\)](#)

IASB Limited Amendments to the IFRS for SMEs ^{UPDATED}

Comment period ends 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: May 2014

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

Recent activities

Most recently, 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/AcSB Rate-regulated Activities

Comment period ended: May 30, 2013

Standard: Comprehensive IFRS standard for entities that have Rate-regulated Activities

Next steps: The IASB currently expects to issue its Comprehensive DP for comment in Q2/2014

Published by: IASB and AcSB

Last updated: April 2014

Applicable to: Publicly accountable enterprises with rate-regulated activities

Recent activities

Most recently, at its meeting on April 22-25, 2014, the IASB considered whether it should instruct staff to proceed to the balloting stage for a Discussion Paper (DP) on Rate-regulated Activities. However the IASB decided that it needed further discussion to clarify the purpose of the DP and to clarify the nature of the feedback that it is seeking from stakeholders.

On January 30, 2014, the IASB issued IFRS 14, *Regulatory Deferral Accounts*. (See separate item.) The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities, pending the completion of the IASB's comprehensive project.

On March 28, 2013, the IASB issued a RFI, which asks specific questions about the objectives of rate regulation and how those objectives are reflected in the rate-setting mechanisms employed by rate regulators. The fact patterns identified through this RFI and other research will be used to develop the comprehensive DP.

At their meeting on September 20-28, 2012, the IASB decided to restart this project with the development of a comprehensive DP. Responses to the 2009 ED highlighted a diversity of strongly held views which demonstrated differences of interpretation of the Conceptual Framework. Developing such a DP will provide the opportunity for a broader debate on the circumstances in which rate-regulated activities may give rise to assets or liabilities.

In July 2009, the IASB issued an ED proposing an IFRS on rate-regulated activities. In September 2009, the AcSB issued an ED that corresponds to the IASB's ED.

In summary

Overview

Rate regulation is a restriction in the setting of prices that can be charged to customers for services or products. Generally, it is imposed by regulatory bodies or governments when an entity has a monopoly or a dominant market position that gives it excessive market power.

The objective of the IASB's Rate-regulated Activities research project is to develop a DP to consider whether rate regulation creates assets or liabilities, in addition to those already recognised in accordance with IFRS for non-rate-regulated activities. If so, the project will also consider how such assets and liabilities should be accounted for, and whether (or how) IFRSs should consequently be amended.

Implications for Canada

Similar to IFRSs, Canadian GAAP does not currently include a comprehensive standard on accounting for rate-regulated activities. However, several Sections in the CPA Canada Handbook – Accounting prescribe the recognition and measurement requirements for such activities. These Sections permit or require the recognition of regulatory assets and regulatory liabilities, when certain criteria are met, and produce the same results in each area as would result by applying U.S. Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* (or Accounting

Standards Codification Topic 980). When dealing with issues outside these Sections, Canadian entities with regulated operating activities have often analogized from the requirements of these Sections or looked to Section 1000, Financial Statement Concepts, or US GAAP for guidance. The IASB's project would make this unnecessary by establishing a core principle for the recognition, measurement and disclosure of regulatory assets and regulatory liabilities that would apply in all circumstances for operations meeting the scope criteria.

Available resources and links

- [IASB RFI \(March 2013\)](#)
- [IASB ED \(July 2009\)](#)
- [AcSB ED \(September 2009\)](#)
- [IASB Project Summary](#)
- [Deloitte IFRS in Focus \(September 2009\)](#)

AcSB 2014 Annual Improvements

Comment period ends on June 2, 2014

Standard: 2014 Annual Improvements

Next steps: The AcSB expects to issue the final Handbook amendments in Q4/2014. The amendments will be effective for years beginning on or after January 1, 2015 with earlier application permitted. The AcSB intends that the amendments be applied retrospectively.

Published by: AcSB

Last updated: March 2014

Applicable to: Private enterprises that apply Part II of the CPA Canada Handbook (and 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 March 3, 2014, the AcSB issued for public comment an ED proposing certain improvements to its accounting standards for private enterprises set out in Part II of the CPA Canada Handbook.

In summary

Overview

The AcSB has adopted an annual improvements process that will amend accounting standards for private enterprises to clarify guidance or wording and to correct for unintended consequences, conflicts or oversights. The proposed improvements for the 2014 cycle relate to: (i) Section 3462, *Employee Future Benefits*, the proposed amendment clarifies 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. (ii) Section 3856, *Financial Instruments*, the first proposed amendment clarifies that (re a hedge of an anticipated transaction where the hedged item occurs prior to the maturity of the hedging item) the hedging item is remeasured at the balance sheet date using the spot rate in effect at that date, with any gain or loss included in net income. (iii) Section 3856, *Financial Instruments*, the second proposed amendment clarifies that, when impairment has been determined on a group basis, only the amount of allowance for impairment of financial assets is required to be disclosed and not the carrying amount of the impaired assets.

Available resources and links

- [AcSB ED \(March 2014\)](#)
- [AcSB Project Summary](#)

Projects



IASB/AcSB Amendment to IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses ^{UPDATED}

Proposed changes: A narrow-scope project to amend IAS 12

Next steps: An ED is expected to be issued by the IASB in Q2/2014

Published by: IASB and AcSB

Last updated: May 2014

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

Recent activities

Most recently, at its meeting on May 21, 2014, the IASB discussed this issue and tentatively agreed with the recommendation of the IFRIC that the proposed amendments to IAS 12 should include an illustrative example that addresses the appropriate application of the existing principles in IAS 12. The IASB, however, tentatively decided that certain of these items should also be addressed by amending the mandatory guidance in IAS 12. In addition, the IASB tentatively agreed with the recommendation of the IFRIC that the illustrative example should explain the application of IAS 12 to debt instruments measured at fair value in accordance with IAS 39 as well as those measured at fair value in accordance with IFRS 9.

At its meeting on March 25, 2014, the IFRIC reviewed a draft amendment to IAS 12 that illustrates the appropriate application of the existing principles of IAS 12 in accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

This is a narrow-scope project that arose out of the 2010-2012 cycle of Annual Improvements. In response to constituent feedback, the IASB decided at its December 2012 meeting that the accounting for deferred tax assets for unrealized losses on debt instruments should instead be clarified by a separate narrow-scope project to amend IAS 12.

In summary

Overview

Clarifying this issue requires addressing the question of whether an unrealized loss on a debt instrument measured at fair value gives rise to a deductible temporary difference specifically in the situation where the holder expects to recover the carrying amount of the asset by holding it to maturity and collecting all the contractual cash flows.

Available resources and links

- [IASB Project Insights Summary](#)
- [IASB Project Summary](#)

IASB/AcSB Amendments to IAS 28, Investments in Associates and Joint Ventures: 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 Q2/2014

Published by: IASB and AcSB

Last updated: March 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 Amendments to IFRS 2, Share-based Payment

Proposed changes: Narrow scope amendments to IFRS 2, *Share-based Payment*

Next steps: The IASB expects to issue an ED for comment in Q3/2014

Published by: IASB and AcSB

Last updated: April 2014

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

Recent activities

Most recently, at its meeting on April 25, 2014, the IASB continued its deliberations on the proposed amendments to IFRS 2, *Share-based Payment*. The IASB discussed: (a) the accounting for a share-based payment in which the manner of settlement is contingent on future events; (b) the accounting for a modification of a share-based payment from cash-settled to equity-settled; and (c) the transition requirements for the narrow-scope amendments to IFRS 2.

At its meeting on February 19-20, 2014, the IASB discussed four proposed amendments to IFRS 2, *Share-based Payment*, which had been recommended by the IFRIC.

In summary

Overview

These proposed amendments relate to the following: (i) accounting for cash-settled share-based payment transactions that include a performance condition; (ii) share-based payments in which the manner of settlement is contingent on future events; (iii) share-based payments settled net of tax withholdings; and (iv) modification of a share-based payment transaction from cash-settled to equity-settled.

At its meeting on February 19-20, 2014, the IASB tentatively decided to make certain amendments to IFRS 2 with respect to items (i) and (iii) and requested the staff to perform further analysis on items (ii) and (iv) based on the discussions at the meeting.

Available resources and links

- [IASB Update \(February 2014\)](#)

IASB/AcSB Amendments to IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures: Investment Entity Issues

Proposed changes: Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*: Investment Entity Issues

Next steps: The IASB expects to issue an ED in June 2014

Published by: IASB and AcSB

Last updated: April 2014

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

Recent activities

Most recently, at its meeting on April 23, 2014, the IASB confirmed that it was satisfied that it 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 ED. In addition, the IASB tentatively decided that there should be a comment period for the ED of no less than 90 days.

At its meeting on March 21, 2014, the IASB discussed three proposed amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, which had been discussed previously at the IFRIC.

In summary

Overview

The proposed amendments relate to the following: (i) accounting for an investment entity subsidiary that also provides investment-related services to third parties; (ii) applicability of the exemption from preparing consolidated financial statements in IFRS 10 to an intermediate parent entity that is a subsidiary of an investment entity but that is not an investment entity itself; and (iii) application of the equity method by a non-investment entity investor to an investment entity investee..

Available resources and links

- [IASB Minutes of March 2014 Meeting](#)

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/>)

Periodicals

IFRS in Focus

We publish *IFRS in Focus* newsletters at the time of release of new and revised Standards and Interpretations, Exposure Drafts and discussion documents, including summaries of the documents and consideration of the principal amendments/proposals.

(<http://www.iasplus.com/en/tag-types/global-publications/ifrs-in-focus-newsletters>)

DeloitteLINK

A weekly e-newsletter that helps you stay on top of standard-setting initiatives.

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

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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