

Closing the GAAP: New IFRS Pronouncements

(including developments to December 31, 2020)

Contents

2 Developments related to 2020 calendar years

3 Developments related to 2021 calendar years

4 Developments related to 2022 calendar years

6 Developments related to 2023 calendar years

7 Appendix A: CPA Canada Handbook, Part I – IFRS

The following summarizes IFRS pronouncements that must be applied, if applicable, for the first time by a calendar year-end entity that is preparing financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). This newsletter sets out new requirements by the calendar year in which they are first effective.

The listing includes the following pronouncements:

- International Financial Reporting Standards ("IFRS")
- IFRS Interpretations Committee ("IFRIC") Interpretations

The IASB has a number of projects in progress. Information on these projects is available on the IASB website at:

<http://www.ifrs.org/projects/work-plan/>.

Information on IFRIC projects is available at:

<http://www.ifrs.org/projects/interpretations-committee-open-items/>.

This ACS newsletter supersedes the information in previous [Newsletter 2020-059](#) and will be updated quarterly. Developments since the issue of the previous newsletter, if any, are highlighted in yellow.

While we have attempted to make this newsletter as complete as possible, it may not include all changes or modifications to existing authoritative literature that may affect a particular enterprise.



Developments related to 2020 calendar years

Reference	Pronouncement and Effective Date Impacting 2020 Calendar Years
IFRS 9/IAS 39 and IFRS 7	<p><u>Interest rate benchmark reform (Phase 1)</u></p> <p>Amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform and require certain related disclosures.</p> <p>Effective for years beginning on/after January 1, 2020.</p> <p>Learning more: In depth INT2019-04</p>
IAS 1 and IAS 8	<p><u>Definition of material</u></p> <p>Amended to revise the definition of material.</p> <p>Effective for years beginning on/after January 1, 2020.</p> <p>Learning more: In brief INT2018-14</p>
IFRS 3	<p><u>Definition of a business</u></p> <p>Amended to revise the definition of a business.</p> <p>Effective for years beginning on/after January 1, 2020.</p> <p>Learning more: In brief INT2019-08 In brief INT2019-04 In brief INT2018-13</p>
Conceptual Framework	<p><u>IASB revises conceptual framework</u></p> <p>Replaces the <i>Conceptual Framework for Financial Reporting</i> issued by the IASB in September 2010.</p> <p>Effective for years beginning on/after January 1, 2020.</p> <p>Learning more: In brief INT2018-07</p>

Developments related to 2021 calendar years

Reference	Pronouncement and Effective Date Impacting 2021 Calendar Years
IFRS 9/IAS 39	<u>Interest rate benchmark reform (Phase 2)</u>
IFRS 7	Amended to address issues arising from the implementation of interest rate benchmark reform, including the replacement of one benchmark with an alternative one.
IFRS 4	
IFRS 16	Effective for years beginning on/after January 1, 2021.
	<i>Learning more:</i> In depth INT2020-06 In brief INT2020-12
IFRS 16	<u>COVID-19 rent concession amendment</u>
	Amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification.
	Effective for years beginning on/after June 1, 2020.
	<i>Learning more:</i> In depth INT2020-05

Developments related to 2022 calendar years

Reference Pronouncement and Effective Date Impacting 2022 Calendar Years

**AIP
2018-2020**

Annual improvements to IFRS Standards 2018-2020

IFRS 9	Amended to address which fees should be included in the 10% test for derecognition of financial liabilities.
IFRS 1	Amended the exemption in IFRS 1.D16(a) to allow a subsidiary adopting IFRS at a later date than its parent to also measure cumulative translation differences using the amounts reported by the parent based on the parent's date of transition to IFRS.
IFRS 16	Amended illustrative example 13 to remove the illustration of payments from the lessor related to leasehold improvements.
IAS 41	<u>Taxation in fair value measurements</u> Amended to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41, Agriculture.

Effective for years beginning on/after January 1, 2022.

IFRS 3

Reference to Conceptual Framework

Amended to (i) replace references to the 2001 Conceptual Framework for Financial Reporting to the 2018 Conceptual Framework for Financial Reporting in order to determine what constitutes an asset or liability in a business combination, (ii) add a new exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 rather than the 2018 Conceptual Framework, and (iii) clarify that an acquirer should not recognize contingent assets at the acquisition date.

Effective for years beginning on/after January 1, 2022.

Developments related to 2022 calendar years

Reference	Pronouncement and Effective Date Impacting 2022 Calendar Years
IAS 37	<p><u>Onerous contracts - Cost of fulfilling a contract</u></p> <p>Amended to clarify (i) the meaning of “costs to fulfil a contract”, and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.</p> <p>Effective for years beginning on/after January 1, 2022.</p>
IAS 16	<p><u>Proceeds before intended use</u></p> <p>Amended to (i) prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly), (ii) clarify that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset and (iii) require certain related disclosures.</p> <p>Effective for years beginning on/after January 1, 2022</p>

Developments related to 2023 calendar years

Reference	Pronouncement and Effective Date Impacting 2023 Calendar Years
IAS 1	<u>Classification of liabilities as current or non-current</u> Amended to clarify how to classify debt and other liabilities as either current or non-current. Effective date deferred to years beginning on/after January 1, 2023. <i>Learning more:</i> In brief INT2020-03
IFRS 17	<u>Insurance Contracts</u> New standard on accounting for insurance contracts, replacing IFRS 4, <i>Insurance Contracts</i> . Effective for years beginning on/after January 1, 2023. <i>Learning more:</i> In depth INT2017-04
IFRS 17	<u>Amendments related to IFRS 17, <i>Insurance contracts</i></u>
IFRS 4	Amended to provide clarification in a number of areas to ease implementation, simplify certain requirements and ease transition, including deferral of the effective date of IFRS 17 to years beginning on/after January 1, 2023. The fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 is also deferred to years beginning on/after January 1, 2023.

Appendix A: CPA Canada Handbook, Part I – IFRS

As at December 31, 2020, the following IFRS pronouncements (described previously in this newsletter and denoted by *) have not yet been incorporated into the CPA Canada Handbook, Part I – IFRS (“Part I”) and are therefore not yet available for early adoption by Canadian entities applying Part I:

Reference	Pronouncement
------------------	----------------------

None	
-------------	--

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. It does not take into account any objectives, financial situation or needs of any recipient; any recipient should not act upon the information contained in this publication without obtaining independent professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2021 PricewaterhouseCoopers LLP, an Ontario limited liability partnership. All rights reserved.

PwC refers to the Canadian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.