

# ***Closing the GAAP: New IFRS Pronouncements*** (includes developments to December 31, 2016)

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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/Current-Projects/IASB-Projects/Pages/IASB-Work-Plan.aspx>.

Information on IFRIC projects is available at:

<http://www.ifrs.org/Current-Projects/IFRIC-Projects/Pages/IFRIC-activities.aspx>.

This ACS newsletter supersedes the information in previous [Newsletter 2016-063](#) 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 2016 calendar years

## Reference Pronouncement and Effective Date Impacting 2016 Calendar Years

**IAS 1** Presentation of financial statements  
 Amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.  
 Effective for years beginning on/after January 1, 2016.

*Learning more:* [In brief INT2014-18](#)

**IFRS 10** Applying the consolidation exception  
 Amended to clarify the application of the consolidation exception for investment entities and their subsidiaries.  
 Effective for years beginning on/after January 1, 2016.

*Learning more:* [In brief INT2014-17](#)

**AIP 2014** Annual improvements to IFRSs 2012-2014 Cycle  
 Improves and amends existing standards, basis of conclusions and guidance. The improvements below are effective for years beginning on/after January 1, 2016.

IFRS	Subject of amendment/clarification
IFRS 5, <i>Non-current assets held for sale and discontinued operations</i>	Amended to clarify (i) the impact of reclassifications from “held for sale” to “held for distribution” and vice versa, and (ii) guidance on changes in a plan of sale.
IFRS 7, <i>Financial instruments: Disclosures</i>	Amended to (i) add guidance on whether an arrangement to service a financial asset which has been transferred constitutes continuing involvement, and (ii) clarify that the additional disclosure required by the amendments to IFRS 7, <i>Disclosure – Offsetting financial assets and financial liabilities</i> , is not specifically required for interim periods, unless required by IAS 34.
IAS 19, <i>Employee benefits</i>	Amended to clarify guidance on discount rates for post-employment benefit obligations.
IAS 34, <i>Interim financial reporting</i>	Amended to (i) clarify what is meant by “information disclosed elsewhere in the interim financial report” and (ii) require a cross reference to the location of that information.

*Learning more:* [In brief INT2014-12](#)

# Developments related to 2016 calendar years

Reference	Pronouncement and Effective Date Impacting 2016 Calendar Years
IFRS 10 & IAS 28	<p><u>Sale or contribution of assets between an investor and its associate or joint venture</u></p> <p>Amended to address an inconsistency between IFRS 10 and IAS 28. The main consequence of the amendments is that a full gain or loss is recognized when the transaction involves a business combination, and whereas a partial gain is recognized when the transaction involves assets that do not constitute a business.</p> <p>As originally published, effective for years beginning on/after January 1, 2016. However, the effective date has since been deferred indefinitely by the IASB.</p> <p><b>Learning more:</b> <a href="#">In brief INT2014-11</a></p>
IAS 27 & IFRS 1	<p><u>Equity method in separate financial statements</u></p> <p>Amends IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.</p> <p>Amends IFRS 1 to permit use of the business combinations exemption for investments in subsidiaries accounted for using the equity method in the separate financial statements of the first-time adopter.</p> <p>Effective for years beginning on/after January 1, 2016.</p> <p><b>Learning more:</b> <a href="#">In brief INT2014-10</a></p>
IAS 16 & IAS 41	<p><u>Classification of bearer plants</u></p> <p>Amends IAS 16 <i>Property Plant and Equipment</i> ("PP&amp;E") and IAS 41, <i>Agriculture</i> to distinguish bearer plants from other biological assets and to require bearer plants to be classified as PP&amp;E and accounted for under IAS 16.</p> <p>Effective for years beginning on/after January 1, 2016.</p> <p><b>Learning more:</b> <a href="#">In depth INT2015-15</a></p>
IAS 16 & IAS 38	<p><u>Clarification of acceptable methods of depreciation and amortization</u></p> <p>Amends IAS 16 <i>Property Plant and Equipment</i> and IAS 38 <i>Intangible Assets</i> to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriated, and (ii) provide a rebuttable presumption for intangible assets.</p> <p>Effective for years beginning on/after January 1, 2016.</p> <p><b>Learning more:</b> <a href="#">In brief INT2014-03</a></p>
IFRS 11	<p><u>Accounting for acquisitions of interests in joint operations</u></p> <p>Amends IFRS 11 to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.</p> <p>Effective for years beginning on/after January 1, 2016.</p> <p><b>Learning more:</b> <a href="#">In depth INT2014-08</a></p>

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# *Developments related to 2016 calendar years*

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## **Reference**

## **Pronouncement and Effective Date Impacting 2016 Calendar Years**

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### **IFRS 14**

#### Regulatory deferral accounts

IFRS 14, an Interim standard on accounting for certain balances that arise from rate-regulated activities (“regulatory deferral accounts”), permits entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts.

Effective from January 1, 2016.

**Learning more:** [Straight away No. 138](#)

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# Developments related to 2017 calendar years

## Reference Pronouncement and Effective Date Impacting 2017 Calendar Years

### IP 2016 \*

#### Annual improvements to IFRSs 2014-2016 Cycle

Improves and amends existing standards, basis of conclusions and guidance. The improvements below are effective for years beginning on/after January 1, 2017.

IFRS	Subject of amendment/clarification
IFRS 12, <i>Disclosure of interests in other entities</i>	Amended to clarify that the disclosure requirements of IFRS 12 are applicable to interests in entities classified as held for sale.

**Learning more:** [In brief INT2016-19](#)

### IAS 12

#### Income taxes – Deferred tax

Amended to clarify (i) the requirements for recognizing deferred tax assets on unrealized losses; (ii) deferred tax where an asset is measured at a fair value below the asset's tax base, and (iii) certain other aspects of accounting for deferred tax assets.

Effective for years beginning on/after January 1, 2017.

**Learning more:** [In brief INT2016-03](#)

### IAS 7

#### Statement of cash flows – Disclosures related to financing activities

Amended to require disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Effective for years beginning on/after January 1, 2017.

**Learning more:** [In brief INT2016-04](#)

\* Refer to Appendix A for information related to early adoption in Canada.

# Developments related to 2018 calendar years

## Reference Pronouncement and Effective Date Impacting 2018 Calendar Years

IP 2016 \*

### Annual improvements to IFRSs 2014-2016 Cycle

Improves and amends existing standards, basis of conclusions and guidance. The improvements below are effective for years beginning on/after January 1, 2018.

IFRS	Subject of amendment/clarification
IFRS 1, <i>First-time adoption of IFRS</i>	Amended to delete short-term exemptions covering transition provisions of IFRS 7, IAS 19, and IFRS 10.
IAS 28, <i>Investments in associates and joint ventures</i>	Amended to clarify use of the election allowing venture capital organizations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss.

**Learning more:** [In brief INT2016-19](#)

IAS 40 \*

### Investment property

Amended to clarify when assets are transferred to, or from, investment properties.

Effective for years beginning on/after January 1, 2018.

**Learning more:** [In brief INT2016-18](#)

IFRIC 22 \*

### Foreign currency transactions and advance consideration

Provides guidance on how to determine the date of the transaction when an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

Effective for years beginning on/after January 1, 2018

**Learning more:** [In brief INT2016-17](#)

\* Refer to Appendix A for information related to early adoption in Canada.

# Developments related to 2018 calendar years

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## Reference Pronouncement and Effective Date Impacting 2018 Calendar Years

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### IFRS 4 \*

#### Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

The objective of this amendment is to address the temporary accounting consequences of the different effective dates of IFRS 9 and the forthcoming insurance contracts standard that replaces IFRS 4.

IFRS 4 is amended to provide two options as alternatives to fully adopting IFRS 9: (i) a temporary exemption that permits an insurer that meets certain criteria to apply IAS 39, rather than IFRS 9, for years beginning before January 1, 2021, and (ii) an overlay approach that permits any issuer of insurance contracts to reclassify amounts between profit and loss and other comprehensive income for certain eligible financial assets.

The amendments related to the temporary exemption are effective for years beginning on/after January 1, 2018. The amendments related to the overlay approach are effective when an entity first applies IFRS 9.

**Learning more:** [In Brief INT2016-16](#)

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### IFRS 2

#### Share-based payments

Amended to address (i) certain issues related to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a “net settlement” feature in respect of employee withholding taxes.

Effective for years beginning on/after January 1, 2018.

**Learning more:** [In Brief INT2016-11](#)

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### IFRS 15

#### Revenue from contracts with customers

New standard on revenue recognition, superseding IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations.

Amendment to IFRS 15 issued in September 2015 to defer effective date of IFRS 15 by one year: Effective for annual reporting periods beginning on/after January 1, 2018.

Amendment to IFRS 15 issued in April 2016 to clarify the guidance on identifying performance obligations, licences of intellectual property and principal versus agent, and to provide additional practical expedients on transition. Amendments are effective for annual reporting periods beginning on/after January 1, 2018.

**Learning more:** [In Brief INT2016-07](#)

[In Brief INT2015-10](#)

[In depth INT2014-02](#)

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\* Refer to Appendix A for information related to early adoption in Canada.

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# *Developments related to 2018 calendar years*

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<b>Reference</b>	<b>Pronouncement and Effective Date Impacting 2018 Calendar Years</b>
<b>IFRS 9</b>	<p>The final version of IFRS 9 was issued in July 2014 and includes (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking ‘expected loss’ impairment model, and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018.</p> <p><i>Learning more:</i> <a href="#">In depth INT2015-16</a> <a href="#">In depth INT2015-12</a> <a href="#">In depth INT2015-05</a> <a href="#">In depth INT2014-06</a> <a href="#">In depth INT2014-05</a></p>
<b>IFRS 7</b>	<p><u>Financial instruments – Disclosure</u></p> <p>Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9.</p> <p><i>Learning more:</i> <a href="#">Straight away No. 77</a></p>

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## *Developments related to 2019 calendar years*

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<b>Reference</b>	<b>Pronouncement and Effective Date Impacting 2019 Calendar Years</b>
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IFRS 16

Leases

New standard on leases, superseding IAS 17, *Leases*, and related interpretations.

Effective for annual reporting periods beginning on/after January 1, 2019.

**Learning more:** [In Depth INT2016-01](#)

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## ***Appendix A: CPA Canada Handbook, Part I – IFRS***

As at December 31, 2016, 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:

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<b>Reference</b>	<b>Pronouncement</b>
<b>IP 2016</b>	Annual improvements to IFRSs 2014-2016 Cycle
<b>IAS 40</b>	Investment property
<b>IFRIC 22</b>	Foreign currency transactions and advance consideration
<b>IFRS 4</b>	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

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