

# ***Closing the GAAP: New IFRS Pronouncements*** (including developments to September 30, 2019)

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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/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 2019-046](#) 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.



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# *Developments related to 2018 calendar years*

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## **Reference                      Pronouncement and Effective Date Impacting 2018 Calendar Years**

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**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.

<b>IFRS</b>	<b>Subject of amendment/clarification</b>
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.

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**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](#)

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**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](#)

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# 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	
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	<u>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts</u>
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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.

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IFRS 2	
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	<u>Share-based payments</u>
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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	
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	<u>Revenue from contracts with customers</u>
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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 INT2019-01](#)

[In depth INT2017-11](#)

[In brief INT2016-07](#)

[In depth INT2014-02](#)

[Industry supplements](#)

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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>
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<b>IFRS 9</b>	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.
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*Learning more: [In depth INT2019-03](#)*

*[In depth INT2018-10](#); [In depth INT2018-07](#); [In depth INT2018-06](#);*

*[In depth INT2018-04](#); [In depth INT2018-03](#); [In depth INT2018-02](#);*

*[In depth INT2018-01](#); [In depth INT2017-10](#); [In depth INT2017-09](#);*

*[In depth INT2017-08](#); [In depth INT2017-07](#); [In depth INT2017-06](#);*

*[In depth INT2017-05](#); [In depth INT2015-16](#); [In depth INT2015-13](#);*

*[In depth INT2015-05](#); [In depth INT2014-06](#)*

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**IFRS 7**

Financial instruments – Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9.

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# Developments related to 2019 calendar years

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Reference	Pronouncement and Effective Date Impacting 2019 Calendar Years
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IAS 19	<p><u>Plan amendments, curtailments or settlements</u></p> <p>Amends the guidance in IAS 19, <i>Employee Benefits</i>, in connection with defined benefit plans and accounting for plan amendments, settlements, or curtailments.</p> <p>Effective for plan amendments, settlements or curtailments that occur on/after the beginning of the first annual reporting period beginning on/after January 1, 2019.</p>
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IP 2017	<p><u>Annual improvements to IFRSs 2015-2017 Cycle</u></p> <p>Improves and amends existing standards, basis of conclusions and guidance. The improvements below are effective for years beginning on/after January 1, 2019.</p>
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IFRS	Subject of amendment/clarification
IFRS 3, <i>Business Combinations</i>	Amended to clarify measurement of previously held interests in a joint operation when control is obtained
IFRS 11, <i>Joint Arrangements</i>	Amended to clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests
IAS 12, <i>Income Taxes</i>	Amended to clarify income tax consequences of payments on financial instruments classified as equity
IAS 23, <i>Borrowing Costs</i>	Amended to clarify borrowing costs eligible for capitalization

IAS 28	<p><u>Interests in associates and joint ventures</u></p> <p>Amended to clarify that an entity applies IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied.</p> <p>Effective for years beginning on/after January 1, 2019.</p>
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**Learning more:** [In brief INT2018-03](#)

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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 9**

Prepayment features with negative compensation

Amended to clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation, may be measured at amortized cost or at fair value through other comprehensive income when eligibility conditions are met.

Effective for years beginning on/after January 1, 2019.

**Learning more:** [In brief INT2017-13](#)

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**IFRIC 23**

Uncertainty over income tax treatments

Clarifies how the recognition and measurement requirements of IAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments.

Effective for years beginning on/after January 1, 2019.

**Learning more:** [In brief INT2017-06](#)

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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 INT2019-02](#)

[In brief INT2019-02](#)

[In depth INT2018-11](#)

[In depth INT2016-01](#)

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# 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><b>Learning more:</b> <a href="#">In brief INT2019-11</a></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><b>Learning more:</b> <a href="#">In brief INT2018-14</a></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><b>Learning more:</b> <a href="#">In brief INT2019-08</a> <a href="#">In brief INT2019-04</a> <a href="#">In brief INT2018-13</a></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><b>Learning more:</b> <a href="#">In brief INT2018-07</a></p>

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

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## *Developments related to 2021 calendar years*

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<b>Reference</b>	<b>Pronouncement and Effective Date Impacting 2021 Calendar Years</b>
IFRS 17	<p><u>Insurance Contracts</u></p> <p>New standard on accounting for insurance contracts, replacing IFRS 4, <i>Insurance Contracts</i>.</p> <p>Effective for years beginning on/after January 1, 2021.</p> <p><i>Learning more:</i> <a href="#">In depth INT2017-04</a></p>

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

As at September 30, 2019, 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>IFRS 9/IAS 39 and IFRS 7</b>	Interest rate benchmark reform (Phase 1)

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