

Closing the GAAP: New IFRS Pronouncements

(includes developments to December 31, 2013)

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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/Current-Projects.aspx>.

This ACS newsletter supersedes the information in previous [Newsletter 2013-097](#) 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 2013 calendar years

Reference Pronouncement and Effective Date Impacting 2013 Calendar Years

IFRS 10
IFRS 11
IFRS 12

Amendments to transition guidance

Amended to (i) clarify the date of initial application of IFRS 10 which impacts assessment of control and treatment of comparative figures, and (ii) require certain comparative disclosures under IFRS 12 on transition. Effective for years beginning on/after January 1, 2013. Earlier application is required if IFRS 10/11/12 are early adopted.

Learning more: [Straight away No. 88](#)

AIP 2011

Annual improvements 2011

Improves and amends existing standards, basis of conclusions and guidance. The improvements are generally effective for 2013 calendar years but reference should be made to the effective date of each amendment in the IFRS affected.

IFRS	Subject of amendment/clarification
IAS 1, <i>Presentation of financial statements</i>	Requirements for comparative information
IAS 16, <i>Property, plant and equipment</i>	Classification of servicing equipment
IAS 32, <i>Financial instruments: Presentation</i>	Tax effect relating to distributions and transactions costs
IAS 34, <i>Interim financial reporting</i>	Disclosure requirements for segment assets and liabilities
IFRS 1, <i>First-time adoption of IFRS</i>	Borrowing costs Repeated application of IFRS 1

Learning more: [Straight away No. 83](#)

IFRS 1

First-time adoption of IFRS – Accounting for government loans

Amended to provide relief from retrospective application of IFRS in relation to government loans.

Effective for years beginning on/after January 1, 2013.

Learning more: [Straight away No. 81](#)

IFRS 7

Financial instruments: Disclosures

Amended to enhance disclosure requirements related to offsetting of financial assets and financial liabilities.

Effective for years beginning on/after January 1, 2013.

Learning more: [Straight away No. 78](#)

Developments related to 2013 calendar years

Reference	Pronouncement and Effective Date Impacting 2013 Calendar Years
IFRIC 20/ IFRS 1	<p><u>Stripping costs in the production phase of a surface mine</u></p> <p>IFRIC 20 provides guidance on the accounting for overburden waste removal in the production phase of a mine.</p> <p>Effective for years beginning on/after January 1, 2013.</p> <p>IFRS 1 has also been amended to allow first-time adopters of IFRS to apply the provisions of IFRIC 20 with an effective date of January 1, 2013 or the beginning of the first IFRS reporting period, whichever is later.</p> <p><i>Learning more: Straight away No. 71</i></p>
IAS 1	<p><u>Presentation of items of other comprehensive income ("OCI")</u></p> <p>IAS 1 is amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future.</p> <p>Effective for years beginning on/after July 1, 2012.</p> <p><i>Learning more: Straight away No. 61</i></p>
IAS 19	<p><u>Employee benefits</u></p> <p>IAS 19 is amended to reflect (i) significant changes to recognition and measurement of defined benefit pension expense and termination benefits, and (ii) expanded disclosure requirements.</p> <p>Effective for years beginning on/after January 1, 2013.</p> <p><i>Learning more: Straight away No. 62</i></p>
IFRS 13	<p><u>Fair value measurement and disclosure requirements</u></p> <p>Provides a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements.</p> <p>Effective for years beginning on/after January 1, 2013.</p> <p><i>Learning more: Straight away No. 55</i></p>

Developments related to 2013 calendar years

Reference	Pronouncement and Effective Date Impacting 2013 Calendar Years
IFRS 10 IFRS 11 IFRS 12	<p><u>New standards addressing scope of reporting entity</u></p> <p>IFRS 10, <i>Consolidated Financial Statements</i>, replaces the guidance on control and consolidation in IAS 27, <i>Consolidated and Separate Financial Statements</i>, and SIC-12, <i>Consolidation – Special Purpose Entities</i>. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control.</p>
IAS 28 IAS 27	<p>IFRS 11, <i>Joint Arrangements</i>, replaces IAS 31, <i>Interests in Joint Ventures</i>. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities under IAS 31. Entities that participate in joint operations will follow accounting much like that for jointly controlled assets and jointly controlled operations under IAS 31.</p> <p>IFRS 12, <i>Disclosure of Interests in Other Entities</i>, sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28, <i>Investments in Associates</i>.</p> <p>IAS 27 is renamed “Separate Financial Statements” and deals solely with separate financial statements, the guidance for which remains unchanged.</p> <p>Effective for years beginning on/after January 1, 2013.</p> <p><i>Learning more:</i> Straight away No. 52 <i>Learning more:</i> Straight away No. 53 <i>Learning more:</i> Straight away No. 54</p>

Developments related to 2014 calendar years

Reference	Pronouncement and Effective Date Impacting 2014 Calendar Years						
AIP 2012	<p><u>Annual improvements to IFRSs 2010-2012 Cycle *</u></p> <p>Improves and amends existing standards, basis of conclusions and guidance. The improvements below are effective during the 2014 calendar year to transactions as noted below.</p> <table> <tr> <th>IFRS</th><th>Subject of amendment/clarification</th></tr> <tr> <td>IFRS 2, <i>Share-based payment</i></td><td>Clarifies the definition of vesting conditions. Applies to share-based payment transactions for which the grant date is on/after July 1, 2014.</td></tr> <tr> <td>IFRS 3, <i>Business combinations</i> (with consequential amendments to IAS 37, IAS 39 and IFRS 9)</td><td>Provides clarification related to contingent consideration in a business combination. Effective for business combinations where the acquisition date is on/after July 1, 2014.</td></tr> </table> <p><i>Learning more: Straight away No. 136</i></p>	IFRS	Subject of amendment/clarification	IFRS 2, <i>Share-based payment</i>	Clarifies the definition of vesting conditions. Applies to share-based payment transactions for which the grant date is on/after July 1, 2014.	IFRS 3, <i>Business combinations</i> (with consequential amendments to IAS 37, IAS 39 and IFRS 9)	Provides clarification related to contingent consideration in a business combination. Effective for business combinations where the acquisition date is on/after July 1, 2014.
IFRS	Subject of amendment/clarification						
IFRS 2, <i>Share-based payment</i>	Clarifies the definition of vesting conditions. Applies to share-based payment transactions for which the grant date is on/after July 1, 2014.						
IFRS 3, <i>Business combinations</i> (with consequential amendments to IAS 37, IAS 39 and IFRS 9)	Provides clarification related to contingent consideration in a business combination. Effective for business combinations where the acquisition date is on/after July 1, 2014.						
IAS 39	<p><u>Hedge accounting and novation of derivatives</u></p> <p>Amended to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty ("CCP") meets specified criteria.</p> <p>Effective for years beginning on/after January 1, 2014.</p> <p><i>Learning more: Straight away No. 123</i></p>						
IAS 36	<p><u>Impairment of assets – Disclosures</u></p> <p>Limited scope amendments to disclosure requirements in IAS 36, <i>Impairment of Assets</i>.</p> <p>Effective for years beginning on/after January 1, 2014.</p> <p><i>Learning more: Straight away No. 120</i></p>						
IFRIC 21	<p><u>Accounting for levies imposed by governments</u></p> <p>Clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy.</p> <p>Effective for years beginning on/after January 1, 2014.</p> <p><i>Learning more: Straight away No. 119</i></p>						

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

Developments related to 2014 calendar years

Reference	Pronouncement and Effective Date Impacting 2014 Calendar Years
IFRS 10 IFRS 12 IAS 27	<p><u>Exception from consolidation for “investment entities”</u></p> <p>IFRS 10 is amended to define an “investment entity” and introduce an exception from consolidation for investment entities. IFRS 12 and IAS 27 are amended to introduce disclosures than an investment entity needs to make.</p> <p>Effective for years beginning on/after January 1, 2014.</p> <p><i>Learning more: Straight away No. 97</i></p>
IAS 32	<p><u>Financial instruments: Presentation</u></p> <p>Amended to clarify requirements for offsetting of financial assets and financial liabilities.</p> <p>Effective for years beginning on/after January 1, 2014.</p> <p><i>Learning more: Straight away No. 78</i></p>

Developments related to 2015 calendar years

Reference Pronouncement and Effective Date Impacting 2015 Calendar Years

AIP 2013

Annual improvements to IFRSs 2011-2013 Cycle *

Improves and amends existing standards, basis of conclusions and guidance. The improvements below are effective for years beginning on/after July 1, 2014.

IFRS	Subject of amendment/clarification
IFRS 3, <i>Business combinations</i>	Clarifies scope exception for joint arrangements.
IFRS 13, <i>Fair value measurements</i>	Provides clarification related to the portfolio exception.
IAS 40, <i>Investment property</i>	Clarifies the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Learning more: [Straight away No. 137](#)

AIP 2012

Annual improvements to IFRSs 2010-2012 Cycle *

Improves and amends existing standards, basis of conclusions and guidance. The improvements below are effective for years beginning on/after July 1, 2014.

IFRS	Subject of amendment/clarification
IFRS 8, <i>Operating segments</i>	Amended to require (i) disclosure of judgements made by management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segment assets are reported.
IAS 16, <i>Property, plant and equipment</i> IAS 38, <i>Intangible assets</i>	Clarifies how gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model.
IAS 24, <i>Related party transactions</i>	Amended to (i) revise definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent, and (ii) clarify related disclosure requirements.

Learning more: [Straight away No. 136](#)

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

Developments related to 2015 calendar years

Reference Pronouncement and Effective Date Impacting 2015 Calendar Years

IAS 19 Defined benefit plans and employee contributions

Amended to clarify the application of IAS 19 to plans that require employees or third parties to contribute toward the cost of benefits. Effective for years beginning on/after July 1, 2014.

Learning more: [Straight away No. 132](#)

IFRS 9 Financial instruments – Classification and measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

The first part of IFRS 9 was issued in November 2009 and addresses classification and measurement of financial assets. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

Learning more: [Straight away No. 19](#)

IFRS 9 was updated in October 2010 to include guidance on financial liabilities and derecognition of financial instruments.

Learning more: [Straight away No. 34](#)

IFRS 9 was originally published with an effective date for years beginning on/after January 1, 2013. IFRS 9 was amended in December 2011 to defer the effective date to years beginning on/after January 1, 2015.

Learning more: [Straight away No. 77](#)

IFRS 9 was amended In November 2013, to (i) include guidance on hedge accounting, (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in OCI (without having to adopt the remainder of IFRS 9) and (iii) remove the previous mandatory effective date of January 1, 2015, although the standard is available for early adoption*.

Learning more: [Straight away No. 131](#)

IFRS 7 Financial instruments – Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9 which is effective for years beginning on/after January 1, 2015.

Learning more: [Straight away No. 77](#)

¹ IFRS 9 was amended in November 2013 to remove the previous mandatory effective date of January 1, 2015, although the standard is available for early adoption subject to * below.

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

Appendix A: CPA Canada Handbook, Part I – IFRS

As at December 31, 2013, 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
AIP 2013	Annual improvements project 2013
AIP 2012	Annual improvements project 2012
IFRS 9	November 2013 amendments to IFRS 9

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