

Closing the GAAP: New IFRS Pronouncements

(includes developments to June 30, 2014)

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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 2014-034](#) 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 2014 calendar years

Reference	Pronouncement and Effective Date Impacting 2014 Calendar Years							
AIP 2012	<u>Annual improvements to IFRSs 2010-2012 Cycle</u>	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.						
	<table border="1"><thead><tr><th>IFRS</th><th>Subject of amendment/clarification</th></tr></thead><tbody><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></tbody></table>	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.	
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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.							
	<i>Learning more: Straight away No. 136</i>							
IAS 39	<u>Hedge accounting and novation of derivatives</u>	Amended to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty ("CCP") meets specified criteria. Effective for years beginning on/after January 1, 2014.						
	<i>Learning more: Straight away No. 123</i>							
IAS 36	<u>Impairment of assets – Disclosures</u>	Limited scope amendments to disclosure requirements in IAS 36, <i>Impairment of Assets</i> . Effective for years beginning on/after January 1, 2014.						
	<i>Learning more: Straight away No. 120</i>							
IFRIC 21	<u>Accounting for levies imposed by governments</u>	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. Effective for years beginning on/after January 1, 2014.						
	<i>Learning more: Straight away No. 119</i>							

Developments related to 2014 calendar years

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

Developments related to 2015 calendar years

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		<i>Learning more: Straight away No. 137</i>								
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		<i>Learning more: Straight away No. 136</i>								

Developments related to 2015 calendar years

Reference	Pronouncement and Effective Date Impacting 2015 Calendar Years
IAS 19	<p><u>Defined benefit plans and employee contributions</u></p> <p>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.</p> <p><i>Learning more: Straight away No. 132</i></p>
IFRS 9	<p><u>Financial instruments – Classification and measurement</u></p> <p>IFRS 9 is a new standard on financial instruments that will replace IAS 39, <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>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.</p> <p><i>Learning more: Straight away No. 19</i></p> <p>IFRS 9 was updated in October 2010 to include guidance on financial liabilities and derecognition of financial instruments.</p> <p><i>Learning more: Straight away No. 34</i></p> <p>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.</p> <p><i>Learning more: Straight away No. 77</i></p> <p>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.</p> <p><i>Learning more: Straight away No. 131</i></p>
IFRS 7	<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 which is effective for years beginning on/after January 1, 2015.</p> <p><i>Learning more: Straight away No. 77</i></p>

Developments related to 2016 calendar years

Reference	Pronouncement and Effective Date Impacting 2016 Calendar Years
IAS 16 & IAS 41	<p><u>Classification of bearer plants*</u></p> <p>Amends IAS 16 <i>Property Plant and Equipment</i> ("PP&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&E and accounted for under IAS 16.</p> <p>Effective for years beginning on/after January 1, 2016.</p> <p><i>Learning more: In brief INT2014-07</i></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><i>Learning more: In brief INT2014-03</i></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><i>Learning more: In brief INT2014-02</i></p>
IFRS 14	<p><u>Regulatory deferral accounts</u></p> <p>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.</p> <p>Effective from January 1, 2016.</p> <p><i>Learning more: Straight away No. 138</i></p>

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

Developments related to 2017 calendar years

Reference	Pronouncement and Effective Date Impacting 2017 Calendar Years
IFRS 15	<p><u>Revenue from contracts with customers</u> *</p> <p>New standard on revenue recognition, superseding IAS 18, <i>Revenue</i>, IAS 11, <i>Construction Contracts</i> and related interpretations.</p> <p>Effective for first interim periods within years beginning on/after January 1, 2017.</p> <p><i>Learning more: In brief INT2014-05 and In depth INT2014-02</i></p>

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

Appendix A: CPA Canada Handbook, Part I – IFRS

As at June 30, 2014, 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
IAS 16 & IAS 41	Classification of bearer plants
IFRS 15	Revenue from contracts with customers
IAS 16 & IAS 38	Clarification of acceptable methods of depreciation and amortization
IFRS 11	Accounting for acquisitions of interests in joint operations

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