

Closing the GAAP: New Canadian GAAP Pronouncements

(including developments to September 30, 2018)

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The following summarizes Canadian GAAP pronouncements that must be applied, if applicable, for the first time to a calendar year-end company that is preparing financial statements in accordance with Canadian GAAP. This newsletter sets out new requirements by the calendar year in which they are first effective. Developments relate to Canadian GAAP as set out in the following parts of the CPA Canada Handbook:

- Part II – Private Enterprises
- Part III – Not-for-profit Organizations
- Part IV – Pension Plans

This ACS newsletter supersedes the information in previous [Newsletter 2018-063](#) and is updated quarterly. Developments since 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 CPA Canada Handbook, Part II – Private Enterprises

Reference	Pronouncement and Effective Date Impacting 2017 Calendar Years
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Section 1591

Subsidiaries

Amended to clarify (i) the application of transitional provisions, and (ii) that an enterprise preparing non-consolidated financial statements is not required to assess whether contractual arrangements give rise to control.

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

Developments related to CPA Canada Handbook, Part II – Private Enterprises

Reference Pronouncement and Effective Date Impacting 2018 Calendar Years

Annual improvements project Annual improvements 2017
Improves existing standards. The amendments are effective for years beginning on/after January 1, 2018.

Part II – ASPE	Subject of amendment
Section 1505, <i>Disclosure of Accounting Policies</i>	Amended to require disclosure of accounting policies in one of the first notes to the financial statements.
Section 1506, <i>Accounting Changes</i>	Amended to remove the requirement to disclose the amount of an adjustment related to an accounting policy change for the current period and instead require disclosure for each of the prior periods presented.
Section 1521, <i>Balance Sheet</i>	Amended to clarify the line items required to be separately presented in the balance sheet, and the line items that may either be presented separately in the balance sheet or in the notes to the financial statements.
Section 1651, <i>Foreign Currency Translation</i>	Amended to remove an inconsistency with Section 3031, <i>Inventories</i> .
Section 3065, <i>Leases</i>	Amended to clarify that only the amount of the allowance for impairment requires disclosure and not the carrying amount of impaired operating lease receivables.

Section 1591 Subsidiaries
Consequential amendments to:
Section 1500
Section 1582
Amended to set out underlying principles for an interest in a subsidiary that is accounted for using the cost method, guidance on application of the cost method, and additional disclosure requirements applicable when an enterprise chooses to account for its subsidiaries by applying the cost or equity method.
Effective for years beginning on/after January 1, 2018.

Section 3051 Investments
Consequential amendments to:
Section 1500
Amended to (i) add guidance on how to apply the cost method, and (ii) provide additional guidance on indicators of impairment.
Effective for years beginning on/after January 1, 2018.

Section 3056 Interests in Joint Arrangements
Amended to clarify the application of transitional provisions.
Effective for years beginning on/after January 1, 2018.

Developments related to CPA Canada Handbook, Part III – Not-for-profit Organizations

Reference	Pronouncement and Effective Date Impacting 2017 and 2018 Calendar Years
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None

Developments related to CPA Canada Handbook, Part III – Not-for-profit Organizations

Reference	Pronouncement and Effective Date Impacting 2019 Calendar Years
Section 4433	<p>Tangible capital assets held by NPOs</p> <p>Replaces Section 4431, <i>Tangible Capital Assets held by Not-for-Profit Organizations</i> (NPOs), requiring the application of Sections 3061, <i>Property, Plant and Equipment</i> and 3110, <i>Asset Retirement Obligations</i> in Part II of the Handbook for tangible capital assets held by NPOs. Provides guidance on contributed assets and write-downs of assets. Requires disclosures related to impairments of intangible assets in accordance with Section 3063, <i>Impairment of Long Lived Assets</i> in Part II.</p> <p>Effective for years beginning on/after January 1, 2019.</p>
Section 4434	<p>Intangible assets held by NPOs</p> <p>Replaces Section 4432, <i>Intangible assets held by Not-for-Profit Organizations</i>, requiring the application of Section 3064, <i>Goodwill and Intangible Assets</i> in Part II of the Handbook for intangible assets held by NPOs. Provides guidance on contributed assets and write-downs of assets. Requires disclosures related to impairments of tangible capital assets in accordance with Section 3063, <i>Impairment of Long Lived Assets</i> in Part II.</p> <p>Effective for years beginning on/after January 1, 2019.</p>
Section 4441	<p>Collections held by NPOs</p> <p>Replaces Section 4440, <i>Collections Held by Not-for-Profit Organizations</i>, requiring all collections to be recorded on the statement of financial position at either cost or nominal value.</p> <p>Effective for years beginning on/after January 1, 2019.</p>

Developments related to CPA Canada Handbook, Part IV – Pension Plans

Reference

Pronouncement and Effective Date Impacting 2017 and 2018 Calendar Years

None

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