

OPENING REMARKS AND UPDATE

Extract, IFRS Discussion Group Report on Meeting – December 3, 2015

UPDATE ON PREVIOUS ITEMS DISCUSSED BY THE GROUP

IAS 23: Financial Liabilities Measured at Fair Value through Profit or Loss

At its June 2014 meeting, the Group recommended that this [issue](#) be discussed with the AcSB to determine whether it should be referred to the IASB or IFRS Interpretations Committee. The AcSB staff reported that the AcSB discussed the issue at its September 2015 meeting and observed that while the issue highlights a potential improvement to the requirements in IAS 23 *Borrowing Costs*, there does not appear to be widespread diversity among Canadian entities. The AcSB decided no further action should be taken because this issue would not meet the IFRS Interpretations Committee's agenda criteria.

IAS 21: Determining Functional Currency

At its September 2015 meeting, the Group recommended that this [issue](#) be discussed with the AcSB to determine whether it should be referred to the IASB or IFRS Interpretations Committee. The AcSB staff reported that the AcSB discussed the issue at its November 2015 meeting and directed the staff to undertake further limited research on the issue to find out whether there is diversity in practice, particularly among Canadian development-stage entities.

OTHER MATTERS

Draft IFRIC Interpretations

In October 2015, the IASB's IFRS Interpretations Committee issued two Draft Interpretations:

- [Foreign Currency Transactions and Advance Consideration](#) – to provide guidance about which exchange rate should be used to report foreign currency transactions when payment is made or received in advance; and
- [Uncertainty over Income Tax Treatments](#) – to provide guidance when there is uncertainty in the application of tax law.

Canadian stakeholders were encouraged to submit their comments on both proposals to the IFRS Interpretations Committee before the comment period deadline.

IAS 16 and IAS 38: Variable Payments for Asset Purchases

The IFRS Interpretations Committee received a request to address the accounting for variable payments to be made for the purchase of an item of property, plant and equipment or an intangible asset outside of a business combination. The issue was discussed at the Committee's November 2015 meeting and the Committee concluded that it could not reach a consensus on whether the variable payments that depend on a purchaser's future activity should be recognized as a liability until that activity is performed and what the initial measurement of this liability should be. The Committee observed that the issue is too broad to address within the confines of existing IFRSs and decided not to add this issue to its agenda. This issue is related to a topic that was discussed by the Group in its

September 2014 (refer to "[IFRS 3, IAS 16 and IAS 37: Contingent Consideration in an Asset Purchase](#)"). Stakeholders are encouraged to follow the status of the [issue](#).

IAS 36: Recoverable Amount and Carrying Amount of a Cash-generating Unit

The IFRS Interpretations Committee received a request to clarify the application of paragraph 78 of IAS 36 *Impairment of Assets*. This paragraph sets out the guidance for considering recognized liabilities for determining the recoverable amount of a cash-generating unit within the context of an impairment test for a cash-generating unit. The issue was discussed at the Committee's November meeting but was not added to the Committee's agenda in light of the existing IFRS requirements. The Group had discussed a similar issue regarding the application of paragraph 78 of IAS 36 (refer to "[IAS 36: Recoverable Amount](#)"). Stakeholders were encouraged to write to the IFRS Interpretations Committee before the end of the comment period if they have any concerns with the tentative agenda decision and follow the status of the [issue](#).

(For opening remarks and updates, including other matters, listen to the [audio clip](#)).