Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Accounting and Assurance Standards Update

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Office of the Auditor General of Ontario
20 Dundas Street West,
Suite 1530
Toronto, Ontario
M5G 2C2
(416) 327-2381
auditor.on.ca

For inquiries, contact:

Rebecca Yosipovich
Director, Professional Practices
(416) 574-2381
rebecca.yosipovich@auditor.on.ca

David Catarino
Director, Accounting Centre of Excellence
(647) 291-0638
david.catarino@auditor.on.ca

Helping You to Keep Up with Changing Accounting and Assurance Standards

With this annual newsletter, the Office of the Auditor General is pleased to help keep you informed and up-to-date on the latest changes to the CPA Canada Handbook. For the benefit of your organization, we identify and summarize the most relevant accounting and assurance standard changes in an easy-to-read format.

In this, our fifth annual edition, we highlight the developments in future sustainability reporting standards.

We also track four key areas of interest: Public Sector Accounting Standards (PSAS); PSAS for Government Not-for-Profit Organizations; International Financial Reporting Standards (IFRS); and Assurance Standards. This edition contains updates to PSAS, IFRS and Assurance Standards.

We hope you will find this newsletter useful. Please share your thoughts about it with Rebecca Yosipovich, Director, Professional Practices, and David Catarino, Director, Accounting Centre of Excellence, so we can make future editions even better!

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Sustainability Reporting Standards

Sustainability reporting has increasingly become a focus for governments, private sector companies, investors and other stakeholders. While the term "sustainability reporting" is not well defined, it refers to the framework used by organizations to measure and publicly report on their environmental, social, and governance (ESG) performance, such as:

- Environmental—e.g., climate change, carbon emissions, water use, pollution and waste.
- Social—e.g., health and safety, supply chain labour, responsible investment, and controversial sourcing.
- Governance—e.g., corporate governance and behaviour, business ethics, corruption and instability, and board diversity.

Public Sector Update

In December 2022, the International Public Sector Accounting Standards Board (IPSASB) announced plans for three potential public sector sustainability reporting projects:

- general requirements for disclosure of sustainability-related financial information;
- climate-related disclosures; and
- natural resources – non-financial disclosures.

The Canadian Public Sector Accounting Board (PSAB) has not announced plans to develop its own sustainability standards. PSAB has indicated that it will support sustainability reporting by providing its perspective to international and Canadian standard-setting boards on their standards development. To the extent that these standards do not meet the needs of Canadian public sector entities, PSAB may look to develop supplementary guidance.

Private Sector Update

International Sustainability Standards Board

In November 2021, the trustees of the International Financial Reporting Standards (IFRS) Foundation announced the creation of a new International Sustainability Standards Board (ISSB). The ISSB is developing IFRS Sustainability Disclosure Standards designed to give investors high-quality, globally comparable sustainability information.

The ISSB expects to issue two Sustainability Disclosure Standards in early summer 2023. Both will be effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted under certain circumstances. Leading to this, the ISSB published the following exposure drafts in March 2022:

- IFRS S1 *General Sustainability-related Disclosures*—proposes requirements for an entity to disclose financial information about its sustainability-related risks and opportunities.
- IFRS S2 *Climate-related Disclosures*—proposes requirements for an entity to disclose information about its climate-related risks and opportunities.

Canadian Sustainability Standards Board

In June 2022, the Accounting Standards Oversight Council and Auditing and Assurance Standards Oversight Council mutually approved the formation of the Canadian Sustainability Standards Board (CSSB), which aims to be operational by April 2023. The CSSB will work closely with the ISSB to develop and support the adoption of IFRS Sustainability Disclosure Standards in Canada.

This Edition at a Glance

Standards Digest

The following future accounting and assurance standards are detailed in this edition:

	Page	Standard	Key Takeaways and Guidance	Effective Date[1]
Public Sector Accounting Standards (PSAS)	8	**PSG-8 Purchased Intangibles**	• Guideline issued in November 2020. • Permits recognition of intangible assets that are acquired through an arm's length exchange transaction between willing parties. • Recognition prohibition for purchased intangibles that was previously in PS 1000, *Financial Statement Concepts,* was removed.	April 1, 2023
	8	**PS 3160 – Public Private Partnerships**	• Standard issued in April 2021. • Recognition, measurement presentation and disclosure of public private partnerships. • Applies to partnerships that involve the public sector entity obtaining control of the infrastructure asset and the private sector partner designing, building, acquiring and/or bettering the infrastructure, financing the transaction past the point the infrastructure is ready for use, and operating and/or maintaining the infrastructure on an ongoing basis.	April 1, 2023
	9	**PS 3400 – Revenue**	• Standard issued in June 2018. • Recognition, measurement and presentation of revenues in the public sector that are not government transfers or taxes. • Two categories of public sector revenues: exchange transactions and unilateral (non-exchange) transactions with different recognition criteria.	April 1, 2023
	10	**PS 3280 – Asset Retirement Obligations**	• Standard issued in August 2018. • Recognition and measurement of obligations that arise from permanent removal of tangible capital assets from service.	April 1, 2022
	11	**PS 3450 – Financial Instruments**	• Part of a suite of standards (PS 3450, PS 2601, PS 1201). • Recognition, measurement, presentation and disclosure of financial instruments, including derivatives. • All financial instruments to be measured in one of two categories: (i) fair value; or (ii) cost or amortized cost.	April 1, 2022[2]

1. The effective date is for financial years beginning on or after the date shown.
2. Government organizations that applied the CPA Canada Handbook – Accounting prior to their adoption of the Public Sector Accounting Handbook are required to apply these sections to fiscal years beginning on or after April 1, 2012.

	Page	Standard	Key Takeaways and Guidance	Effective Date[1]
Public Sector Accounting Standards (PSAS)	11	**PS 2601 – Foreign Currency**	• Part of a suite of standards (PS 3450, PS 2601, PS 1201). • Replaces the guidance in section PS 2600, *Foreign Currency Translation*. • Exchange gains/losses on monetary assets and liabilities prior to settlement are recorded in the statement of remeasurement gains and losses. • Upon settlement, cumulative unrealized foreign exchange gains/losses are reclassified to the statement of operations. • Eliminates hedge accounting for foreign currencies.	April 1, 2022[2]
	12	**PS 1201 – Financial Statement Presentation**	• Part of a suite of standards (PS 3450, PS 2601, PS 1201). • Replaces PS 1200, *Financial Statement Presentation*. • Introduces statement of remeasurement gains and losses. • Remeasurement gains and losses arise from (i) foreign exchange gains and losses on items in the amortized cost category; (ii) unrealized gains and losses on financial instruments measured at fair value. • Accumulated remeasurement gains or losses at the end of the period are reported as a separate component of accumulated surplus or deficit.	April 1, 2022[2]
	12	**PS 3041 – Portfolio Investments**	• Adopted in the same period that PS 1201, PS 2601 and PS 3450 are adopted. • Standard replacing PS 3040, *Temporary Investments*. • Portfolio investments measured in accordance with PS 3450, Financial Instruments unless they have concessionary terms. • Losses in the value of a portfolio investment that are not a temporary decline should be recognized and recorded in the statement of operations.	April 1, 2022[2]
	13	**Financial Instruments and Foreign Currency Translation – Narrow Scope Amendments**	• Amends PS 3450, *Financial Instruments* to clarify that bond repurchase transactions are not treated as an extinguishment unless the bond is legally discharged, or is exchanged for a bond with significantly different terms. • Amends PS 2601, *Foreign Currency Translation*, to permit public sector entities to make an irrevocable election upon initial recognition of a financial asset or financial liability to recognize any related unrealized foreign exchange gain or loss directly in the statement of operations. Public sector entities may present the remeasurement impact of derivatives separately on the statement of change in net debt. PS 1201, *Financial Statement Presentation*, and PS 3450, *Financial Instruments*, were also revised to align with this amendment.	April 1, 2022

1. The effective date is for financial years beginning on or after the date shown.
2. Government organizations that applied the CPA Canada Handbook – Accounting prior to their adoption of the Public Sector Accounting Handbook are required to apply these sections to fiscal years beginning on or after April 1, 2012.

	Page	Standard	Key Takeaways and Guidance	Effective Date[1]
	14	**Conceptual Framework for Financial Reporting in the Public Sector**	• Issued in December 2022. • The conceptual framework is a set of core concepts that leads to consistent standards, or the application of consistent concepts in the absence of a specific standard. • As a result, PS 1000, *Financial Statement Concepts* and PS 1100, *Financial Statement Objectives*, have been withdrawn.	April 1, 2026
International Financial Reporting Standards (IFRS)	15	**IFRS 17 – Insurance Contracts**	• Replaces IFRS 4, *Insurance Contracts*. • Profit from insurance contracts is initially recorded as a liability called the contractual service margin. • Contractual service margin is recognized over the insurance contract's coverage period. • Requires entities to update actuarial assumptions and estimates in measuring insurance contracts in subsequent reporting periods. • Accelerates the recognition of losses on insurance contracts that are expected to be onerous.	January 1, 2023
International Financial Reporting Standards (IFRS)	15	**Amendment to IFRS 9 – Financial Instruments**	• Amendment to clarify which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	January 1, 2022
International Financial Reporting Standards (IFRS)	15	**Amendment to IFRS 16 – Leases**	• Clarifies that a seller-lessee should not recognize a gain or loss on subsequent measurement of a lease liability arising from a sales and leaseback transaction.	January 1, 2024
International Financial Reporting Standards (IFRS)	16	**Amendments to IAS 1 – Presentation of Financial Statements**	• Amendments to clarify the requirements for classification of liabilities as current or non-current. • Further amendments were issued in September 2020 to provide additional guidance to entities to assist them in determining which accounting policies to disclose in the notes to the financial statements. • Additional amendments were issued in October 2022 to improve disclosures relating to long-term debt with covenants.	Various (see details on page 16)
International Financial Reporting Standards (IFRS)	16	**Amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**	• Amendment designed to make it easier for entities to distinguish between a change in accounting estimate and a change in an accounting policy.	January 1, 2023
International Financial Reporting Standards (IFRS)	16	**Amendment to IAS 16 – Property, Plant and Equipment**	• Amendment to clarify that if an item of property, plant and equipment generates sales before it is available for its intended use, the proceeds from these sales cannot be deducted from the cost of the item.	January 1, 2022

1. The effective date is for financial years beginning on or after the date shown.
2. Government organizations that applied the CPA Canada Handbook – Accounting prior to their adoption of the Public Sector Accounting Handbook are required to apply these sections to fiscal years beginning on or after April 1, 2012.

	Page	Standard	Key Takeaways and Guidance	Effective Date[1]
	17	**Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets**	• Amendment to specify that when an entity assesses whether a contract is onerous, in calculating the costs of the contract it should include both the incremental costs associated with the contract as well as an allocation of other costs directly related to fulfilling the contract.	January 1, 2022
Assurance Standards	18	**CAS 701 – Communicating Key Audit Matters in the Independent Auditor's Report**	• Introduces new section in the auditor's report called Key Audit Matters (KAM). • KAM are those matters that, in the auditor's professional judgment, were of most significance to the audit. • KAM is required for the audit of all listed entities. • Listed entities are entities whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body.	Various (see details on page 17)
Assurance Standards	18	**CSRS 4400 – Agreed-Upon Procedures Engagements**	• Procedures that are agreed to by the practitioner and the engaging party (and other parties, if applicable) that lead to a report of factual findings. • Unlike an audit or a review, agreed-upon procedures do not provide any level of assurance. • Replaces existing Section 9100, *Reports on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements* and Section 9110, *Agreed-Upon Procedures Regarding Internal Control over Financial Reporting* and expands on the scope of Section 9100 by including non-financial subject matters.	Agreed-upon procedures engagements for which the terms of engagement are agreed to on or after January 1, 2022

1. The effective date is for financial years beginning on or after the date shown.

Accounting and Assurance Standards Adoption Timeline

The following timeline shows the effective dates for the future accounting and assurance standards outlined in this edition.

2022	**IFRS 9**	Financial Instruments (Amendment)	January 1*
	IAS 16	Property, Plant and Equipment (Amendment)	January 1
	IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendment)	January 1
	PS 1201	Financial Statement Presentation	April 1
	PS 2601	Foreign Currency Translation	April 1
	PS 3041	Portfolio Investments	April 1
	PS 3280	Asset Retirement Obligations	April 1
	PS 3450	Financial Instruments	April 1
	PS 3450/ PS 2601	Narrow Scope Amendments to Financial Instruments and Foreign Currency Translation	April 1
	CAS 701	Communicating Key Audit Matters in the Independent Auditor's Report	December 15
	CSRS 4400	Agreed-Upon Procedures Engagements	January 1
2023	**IAS 1**	Presentation of Financial Statements (Amendments)	January 1
	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1
	IFRS 17	Insurance Contracts	January 1
	PSG-8	Purchased Intangibles	April 1
	PS 3160	Public Private Partnerships	April 1
	PS 3400	Revenues	April 1
2024	**IAS 1**	Presentation of Financial Statements (Amendments)	January 1
	IFRS 16	Leases (Amendment)	January 1
2026	**Chapters 1-10**	Conceptual Framework for Financial Reporting in the Public Sector	April 1

* The effective date is for financial years beginning on or after the date shown.

Public Sector Accounting Standards (PSAS)

Purchased Intangibles

Effective Date:* April 1, 2023
Early Adoption: Permitted

The Public Sector Accounting Board (PSAB) issued Public Sector Guideline 8, *Purchased Intangibles* in November 2020 to provide general guidance on the recognition of intangibles purchased through an exchange transaction. Purchased intangibles are defined as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Examples of purchased intangibles include licences, trademarks and film and television rights.

PS 1000, *Financial Statement Concepts* was amended concurrently to remove the recognition prohibition relating to purchased intangibles. PS 1201, *Financial Statement Presentation*, was also amended to remove the requirement to disclose unrecognized purchased intangibles.

Government not-for-profit organizations applying the 4200 series continue to follow the guidance in PS 4230, *Capital Assets Held by Not-for-Profit Organizations*.

Public Private Partnerships

Effective Date:* April 1, 2023
Early Adoption: Permitted

In April 2021, PSAB issued PS 3160, *Public Private Partnerships*, to provide guidance on the recognition, measurement, presentation and disclosure of public private partnerships. This section applies to partnerships in which the public sector entity obtains control of the infrastructure asset and the private sector partner performs all of the following activities:

- (i) designs, builds, acquires and/or betters infrastructure on behalf of the public sector entity;
- (ii) finances the transaction past the point the infrastructure is ready for use; and
- (iii) operates and/or maintains the infrastructure.

An infrastructure asset is recognized when the public sector entity controls all of the following:

- (i) the purpose and use of the infrastructure;
- (ii) access to the future economic benefits and exposure to the risks of the infrastructure asset; and
- (iii) significant residual interest in the infrastructure, if any, at the end of the public private partnership's term.

Infrastructure assets are recognized at cost. The cost, less any residual value, of an infrastructure asset with a limited life is amortized over its useful life.

Upon recognition of the infrastructure asset, a liability is recognized equal to the infrastructure asset, less any amounts previously paid to the private sector partner. The liability is settled by future payments of cash or other financial assets (financial liability), or by granting rights to the private sector partner to earn revenue from the infrastructure asset (user pay model).

A public sector entity discloses the significant terms of the arrangement, the key rights and obligations for the public sector entity and private sector partner, the accounting policy, and changes in the terms of the public private partnership arrangement occurring during the reporting period.

* The effective date is for financial years beginning on or after the date shown.

PS 3400 – Revenue

Effective Date:* April 1, 2023
Early Adoption: Permitted

In June 2018, PSAB approved Section PS 3400 to provide guidance on the recognition, measurement and presentation of revenues that arise in the public sector, but are outside the scope of PS 3410, *Government Transfers* and PS 3510, *Tax Revenues*.

Section PS 3400 separates public sector revenues into two categories: exchange transactions and unilateral (non-exchange) transactions. The distinguishing feature is the existence of a performance obligation, an enforceable promise to provide a good or service to a payor. Exchange transactions are characterized by one or more performance obligations. By contrast, unilateral transactions, such as fines and penalties, are not associated with a performance obligation.

Revenues from an exchange transaction are recognized as or when the public-sector entity satisfies the performance obligation. Performance obligations may be satisfied at a point in time or over a period of time, depending on which method best depicts the transfer or goods or services to the payor.

Unilateral revenues are recognized when there is the authority and a past event that gives rise to a claim of economic resources.

* The effective date is for financial years beginning on or after the date shown.

PS 3280 – Asset Retirement Obligations

Effective Date:* April 1, 2022
Early Adoption: Permitted

Section PS 3280 was issued in August 2018 to provide guidance on the recognition and measurement of obligations that arise from asset retirement activities. Asset retirement is the permanent removal of a tangible capital asset from service.

A retirement obligation is recognized as a liability when:

(i) there is a legal obligation to incur costs to permanently remove a tangible capital asset from service. Legal obligations can arise from legislation, contracts and promissory estoppel;

(ii) the past transaction giving rise to the liability, such as acquisition, construction, development or normal use, has already occurred;

(iii) there is an expectation that future economic benefits will be given up; and

(iv) a reasonable estimate of the liability can be made. The estimate includes costs directly attributable to the retirement activities, including post-retirement operation, maintenance and monitoring.

Upon recognition of the obligation, the carrying amount of the related tangible capital asset is increased by the same amount as the liability. The cost included in the carrying amount of the tangible capital asset is allocated to expense in a rational and systematic manner (e.g., amortization over the remaining useful life of the related tangible capital asset).

If the related asset is no longer in productive use, or if the related asset is not recognized for accounting purposes, the related retirement costs would be recorded as an expense.

PSAB withdrew the guidance on solid waste landfill closure and post-closure liability (Section PS 3270) following the issuance of this standard. Section PS 3270 remains effective until PS 3280 is adopted.

* The effective date is for financial years beginning on or after the date shown.

PS 3450 – Financial Instruments

Effective Date:* April 1, 2022
Early Adoption: Permitted
(PS 3450, PS 2601 and PS 1201 are to be adopted together)

For governments and government entities that did not apply the *CPA Canada Handbook – Accounting* prior to adoption of the *CPA Canada Public Sector Accounting Handbook*.

Section PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Financial instruments include accounts receivable and payable, equity instruments and derivatives.

The new standard introduces the requirement to measure all financial instruments in one of two categories:

(i) fair value; or
(ii) cost or amortized cost.

Under Section PS 3450, investments in equity instruments that are quoted in an active market and derivatives are measured at fair value.

PS 2601 – Foreign Currency Translation

Effective Date:* April 1, 2022
Early Adoption: Permitted
(PS 3450, PS 2601 and PS 1201 are to be adopted together)

For governments and government entities that did not apply the *CPA Canada Handbook – Accounting* prior to adoption of the *CPA Canada Public Sector Accounting Handbook*.

Section PS 2601 replaces the guidance in Section PS 2600, *Foreign Currency Translation*. Under Section PS 2601, exchange gains and losses arising on monetary assets and liabilities prior to settlement are recorded in the statement of remeasurement gains and losses. Once the foreign currency denominated item is settled, the cumulative amount of unrealized foreign exchange gain or losses previously recognized is reclassified to the statement of operations.

The introduction of PS 2601 eliminates the practice of deferring unrealized gains and losses arising from foreign currency translation and the previous guidance surrounding hedge accounting of foreign currencies.

* The effective date is for financial years beginning on or after the date shown.

Public Sector Accounting Standards (PSAS)

PS 1201 – Financial Statement Presentation

Effective Date:* April 1, 2022
Early Adoption: Permitted
(PS 3450, PS 2601 and PS 1201 are to be adopted together)

For governments and government entities that did not apply the *CPA Canada Handbook – Accounting* prior to adoption of the *CPA Canada Public Sector Accounting Handbook*.

Section PS 1201 replaces PS 1200, *Financial Statement Presentation*.

Section PS 1201 introduces the statement of remeasurement for gains and losses. Remeasurement gains and losses arise from:

(i) exchange gains and losses on items in the amortized cost category denominated in a foreign currency; and
(ii) unrealized gains and losses on financial instruments that are measured at fair value.

The accumulated remeasurement gains or losses at the end of the period are reported in the statement of financial position as a separate component of accumulated surplus or deficit.

PS 3041 – Portfolio Investments

Effective Date:* April 1, 2022
Early Adoption: Permitted
(Adopted at the same time PS 3450, PS 2601 and PS 1201 are adopted)

For governments and government entities that did not apply the *CPA Canada Handbook – Accounting* prior to adoption of the *CPA Canada Public Sector Accounting Handbook*.

PS 3041 replaces Section PS 3040, *Temporary Investments* and PS 3030, *Temporary Investments*. PS 3041 states that portfolio investments are measured in accordance with PS 3450, *Financial Instruments* unless they have concessionary terms, such as little or no return on the government's investment or are part of the government reporting entity.

Losses in the value of a portfolio investment that are not a temporary decline should be recognized in the statement of operations.

* The effective date is for financial years beginning on or after the date shown.

Financial Instruments and Foreign Currency Translation – Narrow Scope Amendments

Effective Date:* April 1, 2022
Early Adoption: Permitted

In April 2020, PSAB issued amendments to PS 3450, *Financial Instruments*. The main change related to the treatment of bond repurchase transactions. The amendment clarifies that bond repurchase transactions are not treated as an extinguishment unless the bond is legally discharged, or is exchanged for a bond with significantly different terms. Other amendments include the addition of new guidance to the transitional provisions of this standard.

In April 2021, PSAB amended PS 2601, *Foreign Currency Translation*, to allow public sector entities to make an irrevocable election upon initial recognition of a financial asset or financial liability arising from a foreign currency transaction. If this election is made, public sector entities would recognize any related unrealized foreign exchange gain or loss directly in the statement of operations. As a result of this revision, PS 1201, *Financial Statement Presentation*, was also amended to clarify that exchange gains or losses associated with this election would not be recognized in the statement of remeasurement gains and losses. PS 3450, *Financial Instruments* was also amended to require disclosure of the carrying amounts of the related financial assets or financial liabilities.

The April 2021 amendment further clarified that public-sector entities may present the remeasurement impact of derivatives separately on the statement of change in net debt.

* The effective date is for financial years beginning on or after the date shown.

Conceptual Framework for Financial Reporting in the Public Sector

Effective Date:* April 1, 2026
Early Adoption: Permitted

In December 2022, PSAB issued the new conceptual framework for financial reporting in the public sector.

A conceptual framework is a set of core concepts that leads to consistent standards, or the application of consistent concepts in the absence of a specific standard. A conceptual framework serves as the foundation for principles-based standards rather than detailed, prescriptive rules.

Key changes include:

- Introduction of the term “non-financial liabilities”, which are distinguished from financial liabilities based on how they are settled. For example, accounts payable is a financial liability, while deferred capital contributions are typically non-financial liabilities.
- Definition of the concept of control was added to the conceptual framework, indicating that control is the existing ability to direct the use of something with the expected benefits and/or risk of loss accruing to the reporting entity.
- Revisions to the qualitative characteristics of financial reporting: the concept of prudence replaces conservatism and the concept of faithful representation replaces reliability.
- Removal of the previous recognition exclusion on developed and non-purchased intangibles, Crown lands, natural resources that have not been purchased, art and historical treasures. The recognition exclusions have been relocated to the standards level. PSAB has indicated its intent to reconsider these exclusions as part of PSAB’s future technical agenda.

The new conceptual framework replaces the conceptual framework issued in 2003. As a result of the issuance of the new conceptual framework, PSAB withdrew PS 1000, *Financial Statement Concepts* and PS 1100, *Financial Statement Objectives*.

* The effective date is for financial years beginning on or after the date shown.

International Financial Reporting Standards (IFRS)

IFRS 17 – Insurance Contracts

Effective Date:* January 1, 2023
Early Adoption: Permitted
(with adoption of IFRS 9)

IFRS 17 was issued by the IASB (International Accounting Standards Board) in May 2017 to replace IFRS 4, *Insurance Contracts*. Under IFRS 4, entities were permitted to continue to use accounting policies for insurance contracts that were in place prior to the entity's adoption of IFRS. IFRS 17 increases comparability across reporting entities by standardizing accounting for insurance contracts.

Under IFRS 17, profit from insurance contracts is initially recorded as a liability called the contractual service margin. The contractual service margin is recognized over the insurance contract's coverage period.

IFRS 17 also requires entities to update actuarial assumptions and estimates in measuring insurance contracts in subsequent reporting periods. It also accelerates the recognition of losses on insurance contracts that are expected to be onerous.

The standard was originally approved by the IASB for fiscal years beginning on or after January 1, 2021. In March 2020, the IASB deferred the effective date of IFRS 17 to fiscal years beginning on or after January 1, 2023.

The IASB also announced that it will extend the exemption currently in place for some insurers regarding the application of IFRS 9 Financial Instruments to enable them to implement both IFRS 9 and IFRS 17 at the same time.

Amendment to IFRS 9 – Financial Instruments

Effective Date:* January 1, 2022
Early Adoption: Permitted

As part of the Annual Improvements to IFRS Standards 2018–2020, in September 2020, the Accounting Standards Board issued an amendment to clarify which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendments to IFRS 16 – Leases

Effective Date:* January 1, 2024
Early Adoption: Permitted

In September 2022, the IASB issued *Lease Liability in a Sale and Leaseback* (Amendment to IFRS 16). The amendment clarifies that a seller-lessee should not recognize a gain or loss on subsequent measurement of a lease liability that arose in a sales and leaseback transaction.

* The effective date is for financial years beginning on or after the date shown.

International Financial Reporting Standards (IFRS)

Amendments to IAS 1 – Presentation of Financial Statements

Effective Date:* Various (as indicated in summary)
Early Adoption: Permitted

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1). These amendments clarified that the criteria for classifying a liability as current or non-current is based on the right to defer settlement of the liability for at least 12 months after the reporting period. This amendment was originally effective for fiscal periods beginning on or after January 1, 2022. In July 2020, the IASB deferred the effective date for this amendment by one year to fiscal periods beginning on or after January 1, 2023.

In February 2021, the IASB issued amendments to IAS 1 to provide additional guidance to entities to assist them in determining which accounting policies to disclose in the notes to the financial statements. The IASB also amended IFRS Practice Statement 2, *Making Materiality Judgements*, first issued in October 2017, in order to assist entities in applying materiality judgments to accounting policy disclosures. These amendments are effective for fiscal periods beginning on or after January 1, 2023.

In October 2022, the IASB issued amendments to IAS 1 requiring an entity to disclose information in the notes to enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period. This amendment is effective for fiscal periods beginning on or after January 1, 2024.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

Effective Date:* January 1, 2023
Early Adoption: Permitted

In February 2021, the IASB published *Definition of Accounting Estimates* (Amendments to IAS 8). Amendments include a new definition of an accounting estimate, and guidance to distinguish changes in accounting estimates from changes in accounting policies.

Amendment to IAS 16 – Property, Plant and Equipment

Effective Date:* January 1, 2022
Early Adoption: Permitted

In May 2020, the IASB issued an amendment to IAS 16. If an item of property, plant and equipment generates sales before it is capable of being operated in the manner intended by management, the related proceeds cannot be deducted from the cost of the item. The proceeds from the sales should be recognized in the statement of profit and loss instead.

* The effective date is for financial years beginning on or after the date shown.

Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

Effective Date:* January 1, 2022
Early Adoption: Permitted

In May 2020, the IASB issued an amendment to IAS 37 to specify that when an entity assesses whether a contract is onerous, in calculating the costs of the contract it should include both the incremental costs associated with the contract as well as an allocation of other costs directly related to fulfilling the contract.

* The effective date is for financial years beginning on or after the date shown.

CAS 701 – Communicating Key Audit Matters in the Independent Auditor's Report

Effective Date: Various (as indicated in summary)
Early Adoption: Permitted

In June 2017, the Auditing and Assurance Standards Board (AASB) issued CAS 701 to provide guidance on the implementation of a new section in the auditor's report called Key Audit Matters. Key Audit Matters (KAM) are those matters that, in the auditor's professional judgment, were of most significance to the audit. The goal of KAM is to provide greater transparency to users about the audit.

At the time CAS 701 was issued, the AASB determined that KAM should be included at the auditor's discretion or if required under law or regulation and was effective for audits of financial statements for periods ending on or after December 15, 2018.

In November 2019, the AASB announced that Key Audit Matters are required for the audit of all listed entities effective for periods ending on or after December 15, 2022. Listed entities are entities whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body.

CSRS 4400 – Agreed-Upon Procedures Engagements

Effective Date: Agreed-upon procedures engagements for which the terms of engagement are agreed to on or after January 1, 2022
Early Adoption: Permitted

CSRS 4400 updates and replaces existing Section 9100, *Reports on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements* and Section 9110, *Agreed-Upon Procedures Regarding Internal Control over Financial Reporting*. Agreed-upon procedures are procedures that are agreed to by the practitioner and the engaging party (and other parties, if applicable) that leads to a report of factual findings. Unlike an audit or a review, agreed-upon procedures do not provide any level of assurance.

CSRS 4400 expands on the scope of Section 9100 by including non-financial subject matters. It also requires additional areas in the agreed-upon procedures report.