

CPA Canada handbook – accounting, part I

highlight summary no. I.26

July 2014

(Note: Any changes to previously issued standards are identified in the effective date guidance in each affected standard.)

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

IFRS 11 *Joint Arrangements* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* have been revised to incorporate amendments issued by the IASB in May 2014. The amendments to IAS 16 clarify that the use of revenue-based methods to determine the depreciation of an asset is not appropriate. The amendments to IAS 38 clarify that an amortization method based on revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, the amendments provide limited circumstances when a revenue-based method can be an appropriate basis for amortization.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

Previously Issued IFRSs

The following amendments, previously in the "IFRSs Issued but Not Yet Effective" section in the 2014 Edition, have been incorporated into the "IFRSs in Effect on January 1, 2015" section:

- *Annual Improvements to IFRSs 2010–2012 Cycle* (Amendments to IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38)
- *Annual Improvements to IFRSs 2011–2013 Cycle* (Amendments to IFRS 3, IFRS 13 and IAS 40)
- IAS 19 *Employee Benefits*
 - *Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19)

To identify the changes made, refer to the effective date guidance in the standards, "IFRSs Issued but Not Yet Effective" in the 2014 Edition, or previous highlight summaries.

Previous Editions

For reference purposes, the previous editions have been retained.

Other editorial changes and corrections introduced in July 2014