

## CPA Canada handbook – accounting, part I

### highlight summary no. I.39

March 2017

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

#### Transfers of Investment Property (Amendments to IAS 40)

IAS 40 *Investment Property* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in December 2016. The amendments clarify that:

- an entity transfers property to, or from, investment property when, and only when, there is evidence that a change in use of the property has occurred; and
- the entity must have taken observable actions to support such a change — management's intentions alone do not provide evidence of a change in use.

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

#### Annual Improvements to IFRS Standards 2014–2016 Cycle

The following standards have been revised to incorporate amendments issued by the IASB in December 2016:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards* – The amendments remove some short-term exemptions for first-time adopters.  
The amendments are effective for annual periods beginning on or after January 1, 2018.
- IFRS 12 *Disclosure of Interests in Other Entities* – The amendments clarify that the disclosure requirements in the standard apply to interests in entities within the scope of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.  
The amendments are effective for annual periods beginning on or after January 1, 2017 and have been incorporated into the "IFRSs in Effect on January 1, 2017" section.
- IAS 28 *Investments in Associates and Joint Ventures* – The amendments clarify that the election available to some types of investment entities to measure investees at fair value through profit or loss at initial recognition is applied on an investment-by-investment basis. The amendments also clarify that an entity that is not an investment entity decides on an investment-by-investment basis whether to retain the fair value measurements applied by its associates and joint ventures that are investment entities.  
The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

#### IFRIC 22 Foreign Currency Transactions and Advance Consideration

This new Interpretation was issued by the IASB in December 2016. IFRIC 22 provides guidance on how to determine the "date of the transaction" for purposes of identifying the exchange rate to use in transactions within the scope of IAS 21 *The Effects of Changes in Foreign Exchange Rates* involving the payment or receipt of consideration in advance.

The main features of IFRIC 22 are as follows:

- An entity uses the exchange rate on the date that the advanced foreign currency consideration is paid or received to translate the related asset, expense or income upon initial recognition.
- When there are multiple advance payments or receipts, the entity determines this date for each such payment or receipt.

The Interpretation is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. Other editorial changes and corrections introduced in March 2017

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