

Research, Guidance and Support

# International Financial Reporting Standards (IFRS<sup>®</sup>) Viewpoints Series

## SUMMARY RESOURCE GUIDE

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# Introduction

The Research, Guidance and Support Group of Chartered Professional Accountants of Canada (CPA Canada) is committed to supporting Canadian practitioners and members in industry to better understand and apply IFRS. With this objective in mind, we offer a variety of high-quality guidance and support resources.

In this booklet, you will find a summary of some of our most popular IFRS resources, including:

- Viewpoints: Applying IFRS in the Mining Industry
- Viewpoints: Applying IFRS in the Oil and Gas Industry

If you'd like to request a copy of the material listed in this guide, please contact [information.services@cpacanada.ca](mailto:information.services@cpacanada.ca).

# Applying IFRS Standards in the Mining Industry

CPA Canada and the Prospectors & Developers Association of Canada (PDAC) created the *Mining Industry Task Force on IFRS Standards* to share non-authoritative views on IFRS application issues of relevance to mineral resource companies. The views of the Task Force are provided in a series of papers available through free download via [CPA Canada's online research platform](#) or by emailing: [information.services@cpacanada.ca](mailto:information.services@cpacanada.ca)

These views are of particular interest to chief financial officers, controllers and auditors.

## **Viewpoints: Underground Development Costs**

(7 pages | CPA Canada / PDAC | 2020)

Learn more about how to account for underground development costs for mining projects that have transitioned out of the exploration and evaluation (E&E) phase.

## **Viewpoints: Impact of IFRS 15, Revenue from Contracts with Customers**

(12 pages | CPA Canada / PDAC | 2018)

Understand some of the practical challenges in applying IFRS 15, *Revenue from contracts with customers*, that are common to the mining industry.

## **Viewpoints: IFRS 16 Leases – Key Recognition Considerations for the Mining Industry**

(10 pages | CPA Canada / PDAC | 2018)

Discusses some key lease recognition issues in contractual arrangements common to the mining industry and how the accounting for such agreements may be affected by IFRS 16 *Leases*.

## **Viewpoints: Capitalizing Borrowing Costs**

(6 pages | CPA Canada / PDAC | 2018)

Discusses the factors a mining company should consider in determining whether to capitalize borrowing costs.

## **Viewpoints: Accounting for Share Purchase Warrants**

(8 pages | CPA Canada / PDAC | 2018)

Discusses how a mining company (the issuer) should account for share purchase warrants both at the time of issuance and subsequently.

## **Viewpoints: Reclamation Obligations (Mining)**

(10 pages | CPA Canada / PDAC | 2017)

Provides views on how mining entities should recognize and measure reclamation obligations and how they should account for subsequent revisions to estimated reclamation obligations.

## **Viewpoints: Inventory Costing – Below Normal Capacity**

(6 pages | CPA Canada / PDAC | 2017)

Provides views on how a mining entity can allocate its fixed production overheads in periods of abnormally low production.

## **Viewpoints: Determining Technical Feasibility and Commercial Viability**

(7 pages | CPA Canada / PDAC | 2017)

Provides views on how to determine when the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

## **Viewpoints: Impairment of Exploration and Evaluation Assets**

(4 pages | CPA Canada / PDAC | 2017)

Provides views on how the modifications of IFRS 6 affect the assessment of exploration and evaluation assets for impairment.

## **Viewpoints: Accounting for Flow-through Shares**

(6 pages | CPA Canada / PDAC | 2015)

Provides views on accounting for flow-through shares.

## **Viewpoints: Decommissioning Liabilities in a Business Combination**

(4 pages | CPA Canada / PDAC | 2015)

Explains how to account for decommissioning liabilities assumed in a business combination.

## **Viewpoints: Reversal of Impairment Losses**

(6 pages | CPA Canada / PDAC | 2015)

Explains indications of reversal of impairment.

## **Viewpoints: Commodity Prices and Impairment**

(5 pages | CPA Canada / PDAC | 2014)

Considers how commodity prices factor into impairment assessments and the calculations of possible impairments.

## **Viewpoints: Identifying Levies**

(6 pages | CPA Canada / PDAC | 2014)

Discusses the types of payment made by a mining company that may fall within the scope of IFRIC 21 *Levies*. The document provides an overview of IFRIC 21 and considers its implications for a mining company.

## **Viewpoints: Accounting for Precious Metal Streaming Arrangements by the Producer**

(6 pages | CPA Canada / PDAC | 2014)

Discusses the factors that may be helpful in determining how to account for a precious metal streaming arrangement by the producer. An analysis of accounting implications is included.

## **Viewpoints: Recognizing Corporate Social Responsibility Provisions**

(4 pages | CPA Canada / PDAC | 2013)

Provides views and illustrative examples of when and how a company should recognize a corporate social responsibility provision.

## **Viewpoints: Redevelopment of an Inactive Mine by an Existing Owner**

(6 pages | CPA Canada / PDAC | 2013)

Discusses accounting for costs incurred by an existing owner in redeveloping an inactive mine. Considers the accounting implications of specific activities, including: exploration and evaluation; mine development; refurbishment, replacement and/or relocation of plant and equipment; mobilization and training of staff and other operational-type activities.



## **Viewpoints: Asset Acquisition Versus Business Combinations**

(4 pages | CPA Canada / PDAC | 2012)

Discusses how an acquirer of a mining project determines whether the project meets the definition of a business under IFRS 3 and explores the associated accounting implications.

## **Viewpoints: Depletion and the Useful Life of a Mine**

(4 pages | CPA Canada / PDAC | 2011)

Provides views on how a mining entity determines the useful life of a mine.

## **Viewpoints: Commencement of Commercial Production**

(3 pages | CPA Canada / PDAC | 2011)

Provides views on how a mining entity determines when commercial production commences.

## **Viewpoints: Accounting for Exploration and Evaluation Expenditures**

(3 pages | CPA Canada / PDAC | 2011)

Provides views on how exploration and evaluation expenditures are accounted for under IFRS 6.

## **Viewpoints: Accounting for Farm-out Arrangements in the Exploration and Evaluation Phase**

(3 pages | CPA Canada / PDAC | 2011)

Provides views of possible accounting policies for the reduction in its interest in a project in the exploration and evaluation phase as a result of a farm-out arrangement.

## **Viewpoints: Determining a Mining Entity's Functional Currency**

(5 pages | CPA Canada / PDAC | 2011)

Provides views on how an entity determines its functional currency.

## **Viewpoints: Understanding Phases of Activities**

(3 pages | CPA Canada / PDAC | 2011)

Explains the different phases of activities of a mining entity and provides a basis of understanding for the *Viewpoint* series.

# Applying IFRS Standards in the Oil and Gas Industry

CPA Canada, the Canadian Association of Petroleum Producers (CAPP) and the Explorers and Producers Association of Canada (EPAC) created the *Oil and Gas Industry Task Force on IFRS Standards* to share views on IFRS application issues of relevance to junior oil and gas companies. The views of the Task Force are provided in a series of papers available through free download via [CPA Canada's online research platform](#) or by emailing: [information.services@cpacanada.ca](mailto:information.services@cpacanada.ca)

These views are of particular interest to chief financial officers, controllers and auditors.

## **Viewpoints: IFRS 16 Leases – Key Recognition Considerations for the Oil and Gas Industry**

(11 pages | CPA Canada / EPAC / CAPP | 2019)

Understand some key lease recognition issues in contractual arrangements common to the oil and gas industry, and how the accounting for such arrangements may be affected by IFRS 16.

## **Viewpoints: Significant IFRS Transition Issues**

(5 pages | CPA Canada / EPAC / CAPP | 2018)

Lists significant IFRS transition issues that junior oil and gas companies should consider in preparing their year-end financial statements.

## **Viewpoints: Presentation of Transportation Costs**

(7 pages | CPA Canada / EPAC / CAPP | 2016)

Examine the circumstances in which transportation costs incurred by a producer of oil and/or gas should be netted from revenue or presented as a separate expense.

## **Viewpoints: Calculation Depletion – Units of Production Method**

(7 pages | CPA Canada / EPAC / CAPP | 2016)

Explains how to calculate depletion on the upstream assets of an oil and gas company.

## **Viewpoints: Reporting Funds Flow**

(7 pages | CPA Canada / EPAC / CAPP | 2016)

Explains how funds flow is reported within the statement of cash flows.

## **Viewpoints: IFRS 11 and Direct Working Interests**

(8 pages | CPA Canada / EPAC / CAPP | 2015)

Provides insights on conducting a joint control and classification assessment, accounting for a joint operation (including acquisition of an interest in a joint operation) and considers disclosure implications.

## **Viewpoints: Accounting for Flow-through Shares**

(5 pages | CPA Canada / EPAC / CAPP | 2015)

Provides views on accounting for flow-through shares.

## **Viewpoints: Commodity Prices and Impairment**

(5 pages | CPA Canada / EPAC / CAPP | 2015)

Considers how commodity prices factor into impairment assessments and the calculations of possible impairments.

## **Viewpoints: Decommissioning Liabilities Assumed in a Business Combination**

(4 pages | CPA Canada / EPAC / CAPP | 2015)

Explains how to account for decommissioning liabilities assumed in a business combination.

## **Viewpoints: Identifying Levies**

(7 pages | CPA Canada / EPAC / CAPP | 2014)

Discusses the types of payment made by an oil and gas company that may fall within the scope of IFRIC 21 *Levies*. The document provides an overview of IFRIC 21 and considers the implications for an oil and gas entity.

## **Viewpoints: Segment Reporting**

(6 pages | CPA Canada / EPAC / CAPP | 2014)

Discusses the IFRS requirements and options relating to segmented reporting for an oil and gas entity. Illustrative examples are included.

## **Viewpoints: Accounting for Share Purchase Warrants**

(8 pages | CPA Canada / EPAC / CAPP | 2014)

Discusses how an oil and gas company (the issuer) should account for share purchase warrants both at the time of issuance and subsequently.

## **Viewpoints: Revising Decommissioning Liabilities**

(6 pages | CPA Canada / EPAC / CAPP | 2014)

Discusses how an oil and gas entity should recognize and measure a change in the estimated obligation of an existing decommissioning liability.

## **Viewpoints: IAS 36 Impairment of Assets – Fair Value Disclosure**

(4 pages | CPA Canada / EPAC / CAPP | 2013)

Discusses the initial and revised fair value disclosure amendments to IAS 36 *Impairment of Assets*. Applies the requirements relating to the level of fair value hierarchy, valuation techniques and key assumptions in an oil and gas context.

## **Viewpoints: Acquisition of Control without a Majority of the Voting Rights**

(4 pages | CPA Canada / EPAC / CAPP | 2013)

Discusses the concept of control without a majority of the voting rights as it relates to acquisitions and reverse acquisitions.

## **Viewpoints: Asset Acquisition Versus Business Combinations**

(3 pages | CPA Canada / EPAC / CAPP | 2013)

Discusses how an acquirer of an oil and gas property determines whether the project meets the definition of a business under IFRS 3 and explores the associated accounting implications.

## **Viewpoints: Accounting for Farm-out Arrangements in the Exploration and Evaluation Phase**

(3 pages | CPA Canada / EPAC / CAPP | 2012)

Provides views on possible accounting policies for the reduction of its interest in an oil and natural gas property in the exploration and evaluation phase as a result of a farm-out arrangement.

## **Viewpoints: Determining an Oil and Gas Entity's Functional Currency**

(5 pages | CPA Canada / EPAC / CAPP | 2012)

Provides primary and secondary indicators to consider in determining an entity's functional currency.