Note: Due to the issuance of certain new accounting literature, changes in the status of ongoing projects during the past year, or evolution of practice, the following updates to the existing cases should be noted.

**Case 12-3: Provisions and Contingencies**

*IASB — Research Project Status*

In March 2018, the revised Conceptual Framework for Financial Reporting was issued. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

In December 2018 the Board issued a narrow-scope Exposure Draft *Onerous Contracts—Cost of Fulfilling a Contract* to clarify the meaning of the term 'unavoidable costs' in the IAS 37 definition of an onerous contract. The proposal was to consider both directly attributable and incremental costs on the definition rather than just incremental costs to fulfill. In May 2019 the Board discussed a summary of feedback on the Exposure Draft, no decisions were made and the Board is reconsidering the direction of the project.

**Case 12-8a: Going Going Gone**

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Accounting for Goodwill Impairment*, which amends the accounting for goodwill impairment. The new guidance removes step 2 from the goodwill impairment test. Instead, the new guidance would require an entity to “recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. However, that amount should not exceed the carrying amount of goodwill allocated to that reporting unit.”

A public business entity that is an SEC filer should adopt the new guidance for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. All other entities, including not-for-profit entities, that are adopting the amendments in this new guidance should do so for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.

The FASB’s project is not expected to affect the overall conclusions of this case but would affect the goodwill impairment test described in the case facts and Appendix C.

We encourage you to check the FASB’s Web site for further details and developments. In addition, be sure to visit [US GAAP Plus](http://usgaapplus.com), Deloitte’s free Web site that features accounting news, information, and publications with a U.S. GAAP focus. It contains articles on FASB activities and updates to the FASB Accounting Standards Codification™ as well as developments of other U.S. and international standard setters and regulators, such as the PCAOB, AICPA, SEC, IASB, and IFRS Interpretations Committee.
**Case 16-6: Closely Associated Cars**

In October 2018, the FASB issued ASU 2018-17, which eliminates the asymmetry resulting from ASU 2016-17 regarding consideration of a decision maker’s related-party interests in the VIE model. ASU 2018-17 requires a decision maker to evaluate indirect interests held by related parties under common control in a similar manner when assessing whether the fee arrangement is a variable interest and whether the decision maker is the primary beneficiary. That is, those interests will be considered on a proportionate basis rather than in their entirety.

In addition, ASU 2018-17 broadens ASU 2014-07’s private-company scope exception to the VIE guidance for certain entities that are under common control. Under ASU 2018-17, the exception applies to all legal entities under common control as long as the reporting entity, the common-control parent, and the legal entity being evaluated for consolidation are not public business entities and meet certain criteria.

The guidance in ASU 2018-17 is effective for public business entities in periods beginning after December 15, 2019, and for private entities in periods beginning after December 15, 2021. Early adoption is permitted.

This ASU does not affect the conclusion of this case given that there is no decision maker and ElectricCo and AutoCo are not under common control.

We encourage you to check the FASB’s [Web site](#) for further details and developments. In addition, be sure to visit [US GAAP Plus](#), Deloitte’s free Web site that features accounting news, information, and publications with a U.S. GAAP focus. It contains articles on FASB activities and updates to the [FASB Accounting Standards Codification](#) as well as developments of other U.S. and international standard setters and regulators, such as the PCAOB, AICPA, SEC, International Accounting Standards Board, and IFRS Interpretations Committee.

**Case 16-8: Frozen**

**Accounting Standards Update No. 2015-04, Practical Expedient for the Measurement Date of an Employer’s Defined Benefit Obligation and Plan Assets**

ASU 2015-04 provides an employer, as practical expedient, an alternative date to measure its defined benefit retirement obligations and related plan assets as of the month-end closest to the employer’s fiscal year-end (e.g., the entity has a 52- or 53-week fiscal year). Further, if a significant plan event occurs (e.g., plan amendment, settlement, or curtailment) between the alternative measurement date and the employer’s fiscal year-end, the effect of the significant event should be accounted within the employer’s fiscal year. However, an employer would not recognize the effect of other events outside an entity’s control (e.g., changes in market prices or interest rates) as a result of a significant plan event.

ASU 2015-04 also provides a practical expedient, permitting an entity to elect to measure the effects of a significant event as of the calendar month-end closest to the date of the significant event.
ASU 2015-04 is effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early application is permitted, and the ASU should be applied prospectively.

Note that IFRS Standards do not have a practical expedient that permits an entity to measure defined benefit plan assets and obligations as of the month-end that is closest to the entity’s fiscal year-end (or the month-end that is closest to the date of a significant event that occurred in an interim period), whereas the amendments in ASU 2015-04 provide that practical expedient for purposes of U.S. GAAP reporting.

**Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)**

The amendments require entities to use updated actuarial assumption to determine current service cost and net interest cost for the remainder of the annual reporting period after a plan amendment, curtailment, or settlement. The amendments also clarify the effect of a plan amendment, curtailment, or settlement on the requirements regarding the asset ceiling.

The current service cost and net interest are usually calculated using assumptions determined at the beginning of the annual reporting period. Before the amendments to IAS 19, entities did not revise the assumptions for the calculation of the current service cost and net interest during the period, even if an entity remeasured the net defined benefit liability (asset) upon a plan amendment, curtailment, or settlement. The amendments require an entity to use the updated assumptions from the remeasurement to determine the current service cost and net interest for the remainder of the reporting period after the change to the plan.

The amendments clarify that the past service cost (or the gain or loss on amendment, curtailment, or settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment, curtailment, or settlement, but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). That is, the entity first determines any past service cost, without considering the effects of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment, or settlement. Any change in that effect is recognized in other comprehensive income.

The amendments are effective on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, and are applied prospectively. Early application is permitted but must be disclosed.

After the amendments to IAS 19, there remain significant differences in the recognition of past service costs and actuarial gains and losses under IFRS Standards and U.S. GAAP, and as such the curtailment gain or loss could differ significantly.