

Rejected IFRS Interpretations Committee (IFRIC) agenda decisions

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Introduction

This is Grant Thornton International Limited's Database of rejected International Financial Reporting Standards Interpretations Committee (IFRIC)¹ agenda decisions. It includes only items not taken onto the agenda by the IFRIC (with final decisions published) from 1 January 2005. IFRIC agenda decisions taken before 1 January 2005, tentative agenda decisions, and items currently under consideration by the IFRIC are not included.

What are rejected IFRIC agenda decisions?

The IFRIC receives numerous requests for interpretations of IFRS. In many cases, having examined the issue, the IFRIC decides not to develop a formal interpretation (or "IFRIC"). This decision is made public by issuing an agenda decision rejecting the item (sometimes referred to colloquially as a "rejection note"). Agenda decisions are published in *IFRIC Update* and are also available on the IASB website. They are issued first as tentative decisions, and are then either confirmed or amended following a 30-day comment period. IFRIC agenda decisions sometimes include comments concerning the IFRIC's views on the proper application of IFRS.

In publishing its agenda decisions, please note that the IFRIC has stated: "The following explanation is published for information only and does not change existing IFRS requirements. IFRIC agenda decisions are not Interpretations. IFRIC Interpretations are determined only after extensive deliberation and due process, including a formal vote. IFRIC Interpretations become final only when approved by nine of the fourteen members of the IASB."

Although rejected IFRIC agenda decisions are not therefore officially part of IFRS, they are nonetheless an important source of guidance. There is an expectation on the part of stakeholders in IFRS that IFRIC agenda decisions will be carefully considered by preparers in determining their accounting policies. In the European Union for instance, the European Securities and Markets Authority (ESMA) has formally stated that "Rejection notes published by the IFRS Interpretations Committee often provide clarification of the standards. There is an expectation on the part of the stakeholders in IFRS that rejection notes concluding that IFRSs are sufficiently clear will be carefully considered by preparers in determining their accounting policies. In the case of a change in a previous accounting treatment following the issue of a rejection note, an issuer should apply IAS 8 and provide proper and sufficient disclosure on the reasons for the change, having regard to the particular facts and circumstances of the individual case, including reference to the rejection note".

In other words, rejection notes carry weight as being the opinion of IFRIC arrived at after IFRIC discussion and a brief public exposure period.

¹ Formerly known as "International Financial Reporting Interpretations Committee"

Time allowed to adopt an agenda decision

The March 2019 IFRIC Update contained the following statement in relation to the time allowed to adopt an agenda decision:

“The process for publishing an agenda decision might often result in explanatory material that provides new information that was not otherwise available and could not otherwise reasonably have been expected to be obtained. Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision. The Board expects that an entity would be entitled to sufficient time to make that determination and implement any change (for example, an entity may need to obtain new information or adapt its systems to implement a change)”.

A subsequent web article (<https://www.ifrs.org/news-and-events/2019/03/time-is-of-the-essence/>) by IASB vice-chair, Sue Lloyd, indicated that the Board had in mind a matter of months rather than years when considering the issue of ‘sufficient time’.

About this Database

The Database has been designed to support member firms in researching IFRIC agenda decisions. As noted below items are grouped in [the table below](#) according to the related Standard or IFRIC Interpretation. The table presents:

- a short summary of the agenda decision;
- the reasons for not taking the issue onto the agenda; and
- selected 'update' comments by the GTIL IFRS team to provide a general indication of issues considered by the IFRIC that have been superseded or addressed as a result of more recent developments in IFRS. These comments are high level summaries only and should not be viewed as comprehensive. They do not take into account possible future IASB or IFRIC pronouncements which may arise from Exposure Drafts or Discussion Papers in existence.

All data regarding IFRIC activities have been included in this Database as published via the IASB's homepage at www.iasb.org and related publications. Please note that rejected agenda decisions relate to the version of the relevant Standard that was considered by IFRIC when making their decision. In some instances the text is a summarised version of the actual rejected agenda decision.

By using this tool, you acknowledge the disclaimer below. Please contact us at IFRSqueries@gti.gt.com if you have comments on the Database. The Database will be updated on a regular basis. It is essential that you use the most recent version of the database and that you delete any earlier versions from your computer. The most recent version of the Database will be the one which is available on GTInet (<http://www.gtinet.org/>).

Disclaimer

This Database was developed as an information resource. It is intended as a guide only and the application of its contents to specific situations will depend on the particular circumstances involved. While every care has been taken in its development and presentation, personnel who use the Database to assist in evaluating compliance with International Financial Reporting Standards should have sufficient training and experience to do so. No person should act specifically on the basis of the material contained herein without considering and taking professional advice.

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Rejected IFRIC agenda decisions

The following links lead to rejected IFRIC agenda decisions by relevant Standard and IFRIC Interpretation:

<u>IAS 1</u>	<u>IAS 2</u>	<u>IAS 7</u>	<u>IAS 8</u>	<u>IAS 10</u>	<u>IAS 11</u>	<u>IAS 12</u>	<u>IAS 16</u>	<u>IAS 17</u>
<u>IAS 18</u>	<u>IAS 19</u>	<u>IAS 20</u>	<u>IAS 21</u>	<u>IAS 23</u>	<u>IAS 24</u>	<u>IAS 26</u>	<u>IAS 27</u>	<u>IAS 28</u>
<u>IAS 29</u>	<u>IAS 32</u>	<u>IAS 33</u>	<u>IAS 34</u>	<u>IAS 36</u>	<u>IAS 37</u>	<u>IAS 38</u>	<u>IAS 39</u>	<u>IAS 41</u>
<u>IFRS 1</u>	<u>IFRS 2</u>	<u>IFRS 3</u>	<u>IFRS 4</u>	<u>IFRS 5</u>	<u>IFRS 6</u>	<u>IFRS 7</u>	<u>IFRS 8</u>	<u>IFRS 9</u>
<u>IFRS 10</u>	<u>IFRS 11</u>	<u>IFRS 12</u>	<u>IFRS 13</u>	<u>IFRS 15</u>	<u>IFRS 16</u>	<u>IFRS 17</u>	<u>IFRS 18</u>	<u>IFRIC 12</u>
<u>IFRIC 14</u>	<u>IFRIC 18</u>	<u>IFRIC 21</u>	<u>SIC 12</u>	<u>SIC 15</u>				

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 1	IAS 1 - Normal operating cycle	The IFRIC considered an issue regarding the classification of current and non-current assets by reference to an entity's normal operating cycle. It was asked whether the guidance in IAS 1.57(a) [now paragraph 99(a) of IFRS 18] was applicable only if an entity had a predominant operating cycle. This is particularly relevant to the inventories of conglomerates which, on a narrow reading of the wording, might always have to refer to the twelve-month criterion in IAS 1.57(c) [now paragraph 99(c) of IFRS 18], rather than the operating cycle criterion. The IFRIC decided not to consider the question further because, in its view, it was clear that the wording should be read in both the singular and the plural and that it was the nature of inventories in relation to the operating cycle that was relevant to classification. Furthermore, if inventories of different cycles were held, <u>IFRS 18 requires an entity to consider the roles of the primary financial statements and the notes (paragraphs 15-24 and 106 of IFRS 18), and the principles of aggregation and disaggregation in paragraphs 41-42 of IFRS 18, to determine whether and what additional information to present and disclose, and it was material to readers' understanding of an entity's financial position, then the general requirement in IAS 1.71 already required disclosure of further information.</u>	Jun-05 (Updated Jan-26)
IAS 1	IAS 1 - Comparatives for prospectuses	The IFRIC considered whether to amend requirements in IAS 1.36 (now IAS1.38) relating to comparative information, because of perceived practical problems in complying with EU requirements for prospectuses. The IFRIC decided not to take the item onto its agenda because it believed that the involved a difference of approach between IAS 1 and certain regulatory requirements that were not capable of being resolved merely by issuing an interpretation of IAS 1.	Jun-05

IAS 1	IAS 1 - Presentation of Financial Statements – Whether the liability component of a convertible instrument should be classified as current or non-current	The IFRIC was asked to consider a situation in which an entity issued convertible financial instruments that, in accordance with IAS 32 Financial Instruments: Presentation, were accounted for as two elements—an equity component (ie the holders' rights to convert the instruments into a fixed number of equity instruments of the issuer any time before the maturity date) and a liability component (ie the entity's obligation to deliver cash to holders at the maturity date, which was more than one year after the balance sheet date). The issue was whether the liability component should be presented as current or non-current on the face of the issuer's balance sheet. The IFRIC observed that both IAS 1 Presentation of Financial Statements and the Framework for the Preparation and Presentation of Financial Statements state that information about the liquidity and solvency of an entity is useful to users. The IFRIC also noted that the definitions of liquidity and solvency refer to the availability of cash to the entity. On that basis, the IFRIC believed that the liability component should be classified as non-current. On the other hand, the IFRIC noted that paragraph 60(d) of IAS 1 states that a liability should be classified as current if the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. According to paragraph 62 of the Framework, conversion of an obligation into equity is considered as the settlement of a liability. In addition, according to the definition of a financial liability set out in paragraph 16 of IAS 32, a financial liability may be settled through the delivery of a variable number of the issuer's own equity instruments. Settlement of a liability is not confined to delivery of cash or other assets. The IFRIC believed that the above IFRS requirements appeared to be in conflict. In addition, the IFRIC observed that practice, in determining whether the liability component was classified as current or non-current, focused on when the issuer was obliged to deliver cash or other assets. The IFRIC received a comment letter, supporting an alternative rationale for the non-current classification of the liability component of a compound financial instrument. IAS 32 requires the equity and liability components of a compound financial instrument to be accounted for separately. Because IAS 1 addresses the presentation of liabilities (not equity), the comment letter suggested that the equity component should be ignored in determining whether the liability component should be presented as current or non-current in accordance with IAS 1. The IFRIC decided that both rationales should be drawn to the attention of the Board with a request for clarification. The IFRIC decided not to take the issue onto its own agenda. UPDATE: <i>In Improvements to IFRSs issued in April 2009, the IASB amended IAS 1 to clarify the classification of the liability component of a convertible instrument. The IASB concluded that classifying the liability on the basis of the requirements to transfer cash or other assets rather than on settlement better reflects the liquidity and solvency position of an entity, and therefore amended IAS 1 accordingly (in the Basis for Conclusions on IAS 1, a heading and paragraphs BC38E-BC38I were added).</i> <i>The amendment applies only to the classification of a liability that can, at the option of the counterpart, be settled by the issue of the entity's equity instruments.</i>	Nov-06
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 1	IAS 1 - Presentation of held for sale financial instruments	The IFRIC was asked to provide guidance on whether derivatives that are classified as held for trading in accordance with IAS 39 should be presented as current or non-current in the balance sheet. Such derivatives may be settled more than one year after the balance sheet date. IAS 39 sets out requirements on the recognition and measurement of financial instruments. It does not address how financial instruments should be presented in the balance sheet. Consequently, some believed that the held-for-trading classification under IAS 39 is solely for measurement purposes. IAS 1 paragraphs 51-62 (paragraphs 60-71 in IAS 1 Revised 2007) set out requirements for the presentation of an asset or a liability as current or non-current in the balance sheet. IAS 1 paragraph 56 states that information about the liquidity and solvency of an entity is useful for users of the financial statements. In the light of the above requirements, the IFRIC decided not to take the issue on to its agenda. However, it noted that some believe that IAS 1 paragraph 62 (paragraph 71 in IAS 1 Revised 2007) could be read as implying that financial liabilities that are classified as held for trading in accordance with IAS 39 are required to be presented as current. Therefore, the IFRIC directed the staff to recommend to the Board an amendment to IAS 1 paragraph 62 (paragraph 71 in IAS 1 Revised 2007) to remove that implication. UPDATE: In <i>Improvements to IFRSs</i> issued in May 2008, the IASB amended IAS 1 to clarify this point. The IASB reaffirmed that if a financial liability is held primarily for trading purposes it should be presented as current regardless of its maturity date. However, a financial liability that is not held for trading purposes, such as a derivative that is not a financial guarantee contract or a designated hedging instrument, should be presented as current or non-current on the basis of its settlement date. For example, derivatives that have a maturity of more than twelve months and are expected to be held for more than twelve months after the reporting period should be presented as non-current assets or liabilities. The IASB therefore decided to remove the identified inconsistency by amending the examples of current liabilities in paragraph 71 of IAS 1 (Revised 2007). The IASB also amended paragraph 68 of IAS 1 (Revised 2007) in respect of current assets to remove a similar inconsistency. (in the Basis for Conclusions on IAS 1, a heading and paragraphs BC38A-BC38D were also added).	May-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 1	IAS 1 - Financial Statement Presentation — Going concern disclosure	The Committee received a request for guidance on the disclosure requirements in IAS 1 on uncertainties related to an entity's ability to continue as a going concern. How an entity applies the disclosure requirements in paragraph 25 of IAS 1 requires the exercise of professional judgement. The Committee noted that paragraph 25 requires that an entity shall disclose 'material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern'. The Committee also noted that for this disclosure to be useful it must identify that the disclosed uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. The Committee noted that IAS 1 provides sufficient guidance on the disclosure requirements on uncertainties related to an entity's ability to continue as a going concern and that it does not expect diversity in practice. Therefore, the Committee decided not to add the issue to its agenda.	Jul-10
IAS 1	IAS 1 - Presentation of Financial Statements – Current/non-current classification of a callable term loan	The Committee received a request on the classification of a liability as current or non-current when the liability is not scheduled for repayment within twelve months after the reporting period, but may be callable by the lender at any time without cause. The Committee notes that paragraph 69(d) of IAS 1 requires that a liability must be classified as a current liability if the entity does not have the unconditional right at the reporting date to defer settlement for at least twelve months after the reporting period. The Committee noted that IAS 1 provides sufficient guidance on the presentation of liabilities as current or non-current and that it does not expect diversity in practice. Consequently, the Committee decided not to add the issue to its agenda.	Nov-10
IAS 1 and IAS 12	IAS 1 Presentation of Financial Statements and IAS 12 Income Taxes— Presentation of payments on non-income taxes	The IFRS Interpretations Committee received a request seeking clarification of whether production-based royalty payments payable to one taxation authority that are claimed as an allowance against taxable profit for the computation of income tax payable to another taxation authority should be presented as an operating expense or a tax expense in the statement of comprehensive income. As the basis for this request, the submitter assumed that the production-based royalty payments are, in themselves, outside the scope of IAS 12 Income Taxes while the income tax payable to the other taxation authority is within the scope of IAS 12. On the basis of this assumption, the submitter asks the Committee to clarify whether the production-based royalty payments can be viewed as prepayment of the income tax payable. The Committee used the same assumption when discussing the issue. The Committee observed that the line item of 'tax expense' that is required by paragraph 82(d) of IAS 1 Presentation of Financial Statements is intended to require an entity to present taxes that meet the definition of income taxes under IAS 12. The Committee also noted that it is the basis of calculation determined by the relevant tax rules that determines whether a tax meets the definition of an income tax. Neither the manner of settlement of a tax liability nor the factors relating to recipients of the tax is a determinant of whether an item meets that definition.	July-12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee further noted that the production-based royalty payments should not be treated differently from other expenses that are outside the scope of IAS 12, all of which may reduce income tax payable. Accordingly, the Committee observed that it is inappropriate to consider the royalty payments to be prepayment of the income tax payables. Because the production-based royalties are not income taxes, the royalty payments should not be presented as an income tax expense in the statement of comprehensive income. The Committee considered that, in the light of its analysis of the existing requirements of IAS 1 and IAS 12, an interpretation was not necessary and consequently decided not to add this issue to its agenda.	
IAS 1	IAS 1 Presentation of Financial Statements—issues related to the application of IAS 1 THIS AGENDA DECISION HAS BEEN WITHDRAWN FROM 1 January 2027	The Interpretations Committee received a request to clarify the application of some of the presentation requirements in IAS 1. The submitter expressed a concern that the absence of definitions in IAS 1 and the lack of implementation guidance give significant flexibility that may impair the comparability and understandability of financial statements. The submitter provided examples in the following areas: a) presentation of expenses by function; b) presentation of additional lines, headings and subtotals; c) presentation of additional statements or columns in the primary statements; and d) application of the materiality and aggregation requirements. The Interpretations Committee observed that a complete set of financial statements is comprised of items recognised and measured in accordance with IFRS. The Interpretations Committee noted that IAS 1 addresses the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. It also noted that while IAS 1 does permit flexibility in presentation, it also includes various principles for the presentation and content of financial statements as well as more detailed requirements. These principles and more detailed requirements are intended to limit the flexibility such that financial statements present information that is relevant, reliable, comparable and understandable. The Interpretations Committee observed that securities regulators, as well as some members of the Interpretations Committee, were concerned about the presentation of information in the financial statements that is not determined in accordance with IFRS. They were particularly concerned when such information is presented on the face of the primary statements. The Interpretations Committee noted that it would be beneficial if the IASB's Disclosure Initiative considered what guidance should be given for the presentation of information beyond what is required in accordance with IFRS. Consequently, the Interpretations Committee determined that it should not propose an Interpretation nor an amendment to a Standard and consequently decided not to add this issue to its agenda.	May-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 1	IAS 1 Presentation of Financial Statements—disclosure requirements relating to assessment of going concern (Agenda Papers 7, 7A and 7B)	The Interpretations Committee received a submission requesting clarification about the disclosures required in relation to material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The Interpretations Committee proposed to the IASB that it should make a narrow-scope amendment to change the disclosure requirements in IAS 1 in response to this issue. At its meeting in November 2013 the IASB discussed the issue and considered amendments proposed by the staff, but decided not to proceed with these amendments and removed this topic from its agenda. Consequently, the Interpretations Committee removed the topic from its agenda. The staff reported the results of the IASB's discussion to the Interpretations Committee. When considering this feedback about the IASB's decision, the Interpretations Committee discussed a situation in which management of an entity has considered events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. Having considered all relevant information, including the feasibility and effectiveness of any planned mitigation, management concluded that there are no material uncertainties that require disclosure in accordance with paragraph 25 of IAS 1. However, reaching the conclusion that there was no material uncertainty involved significant judgement. The Interpretations Committee observed that paragraph 122 of IAS 1 requires disclosure of the judgements made in applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The Interpretations Committee also observed that in the circumstance discussed, the disclosure requirements of paragraph 122 of IAS 1 would apply to the judgements made in concluding that there remain no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.	Aug-14
IAS 1 and IFRS 9	IAS 1 Presentation of Financial Statements and IFRS 9 Financial Instruments—Presentation of interest revenue for particular financial instruments	The Committee received a request about the effect of the consequential amendment that IFRS 9 made to paragraph 82(a) of IAS 1. That consequential amendment requires an entity to present separately, in the profit or loss section of the statement of comprehensive income or in the statement of profit or loss, interest revenue calculated using the effective interest method. The request asked whether that requirement affects the presentation of fair value gains and losses on derivative instruments that are not part of a designated and effective hedging relationship (applying the hedge accounting requirements in IFRS 9 or IAS 39 Financial Instruments: Recognition and Measurement). Appendix A to IFRS 9 defines the term 'effective interest method' and other related terms. Those interrelated terms pertain to the requirements in IFRS 9 for amortised cost measurement and the expected credit loss impairment model. In relation to financial assets, the Committee observed that the effective interest method is a measurement technique whose purpose is to calculate amortised cost and allocate interest revenue over the relevant time period. The Committee also observed that the expected credit loss impairment model in IFRS 9 is part of, and interlinked with, amortised cost accounting. The Committee noted that amortised cost accounting, including interest revenue calculated using the effective interest method and credit losses calculated using the expected credit loss impairment model, is applied only to financial assets that are subsequently measured at amortised cost or fair value through other comprehensive income. In contrast, amortised cost accounting is not applied to financial assets that are subsequently measured at fair value through profit or loss.	Mar-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Consequently, the Committee concluded that the requirement in paragraph 82(a) of IAS 1 to present separately an interest revenue line item calculated using the effective interest method applies only to those assets that are subsequently measured at amortised cost or fair value through other comprehensive income (subject to any effect of a qualifying hedging relationship applying the hedge accounting requirements in IFRS 9 or IAS 39). The Committee did not consider any other presentation requirements in IAS 1 or broader matters related to the presentation of other 'interest' amounts in the statement of comprehensive income. This is because the consequential amendment that IFRS 9 made to paragraph 82(a) of IAS 1 did not affect those matters. More specifically, the Committee did not consider whether an entity could present other interest amounts in the statement of comprehensive income, in addition to presenting the interest revenue line item required by paragraph 82(a) of IAS 1. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to apply paragraph 82(a) of IAS 1 and present separately, in the profit or loss section of the statement of comprehensive income or in the statement of profit or loss, interest revenue calculated using the effective interest method. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IAS 1	Presentation of Liabilities or Assets Related to Uncertain Tax Treatments THIS AGENDA DECISION HAS BEEN WITHDRAWN FROM 1 January 2027	The Committee received a request about the presentation of liabilities or assets related to uncertain tax treatments recognised applying IFRIC 23 Uncertainty over Income Tax Treatments (uncertain tax liabilities or assets). The request asked whether, in its statement of financial position, an entity is required to present uncertain tax liabilities as current (or deferred) tax liabilities or, instead, can present such liabilities within another line item such as provisions. A similar question could arise regarding uncertain tax assets. The definitions in IAS 12 of current tax and deferred tax liabilities or assets When there is uncertainty over income tax treatments, paragraph 4 of IFRIC 23 requires an entity to 'recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying IFRIC 23'. Paragraph 5 of IAS 12 Income Taxes defines: a) current tax as the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period; and b) deferred tax liabilities (or assets) as the amounts of income taxes payable (recoverable) in future periods in respect of taxable (deductible) temporary differences and, in the case of deferred tax assets, the carryforward of unused tax losses and credits. Consequently, the Committee observed that uncertain tax liabilities or assets recognised applying IFRIC 23 are liabilities (or assets) for current tax as defined in IAS 12, or deferred tax liabilities or assets as defined in IAS 12. Presentation of uncertain tax liabilities (or assets)	Sep-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Neither IAS 12 nor IFRIC 23 contain requirements on the presentation of uncertain tax liabilities or assets. Therefore, the presentation requirements in IAS 1 apply. Paragraph 54 of IAS 1 states that 'the statement of financial position shall include line items that present: ... (n) liabilities and assets for current tax, as defined in IAS 12; (o) deferred tax liabilities and deferred tax assets, as defined in IAS 12...'. Paragraph 57 of IAS 1 states that paragraph 54 'lists items that are sufficiently different in nature or function to warrant separate presentation in the statement of financial position'. Paragraph 29 requires an entity to 'present separately items of a dissimilar nature or function unless they are immaterial'. Accordingly, the Committee concluded that, applying IAS 1, an entity is required to present uncertain tax liabilities as current tax liabilities (paragraph 54(n)) or deferred tax liabilities (paragraph 54(o)); and uncertain tax assets as current tax assets (paragraph 54(n)) or deferred tax assets (paragraph 54(o)). The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine the presentation of uncertain tax liabilities and assets. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IAS 1 / IAS 7 / IFRS 7	Supply Chain Financing Arrangements—Reverse Factoring	The Committee received a request about reverse factoring arrangements. Specifically, the request asked: • how an entity presents liabilities to pay for goods or services received when the related invoices are part of a reverse factoring arrangement; and • what information about reverse factoring arrangements an entity is required to disclose in its financial statements. In a reverse factoring arrangement, a financial institution agrees to pay amounts an entity owes to the entity's suppliers and the entity agrees to pay the financial institution at the same date as, or a date later than, suppliers are paid. Presentation in the statement of financial position IAS 1 Presentation of Financial Statements specifies how an entity is required to present its liabilities in the statement of financial position. Paragraph 54 of IAS 1 requires an entity to present 'trade and other payables' separately from other financial liabilities. 'Trade and other payables' are sufficiently different in nature or function from other financial liabilities to warrant separate presentation (paragraph 57 of IAS 1). Paragraph 55 of IAS 1 requires an entity to present additional line items (including by disaggregating the line items listed in paragraph 54) when such presentation is relevant to an understanding of the entity's financial position. Consequently, an entity is required to determine whether to present liabilities that are part of a reverse factoring arrangement:	Dec-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		• within trade and other payables; • within other financial liabilities; or • as a line item separate from other items in its statement of financial position. Paragraph 11(a) of IAS 37 Provisions, Contingent Liabilities and Contingent Assets states that ‘trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier’. Paragraph 70 of IAS 1 explains that ‘some current liabilities, such as trade payables... are part of the working capital used in the entity’s normal operating cycle’. The Committee therefore concluded that an entity presents a financial liability as a trade payable only when it: • represents a liability to pay for goods or services; • is invoiced or formally agreed with the supplier; and • is part of the working capital used in the entity’s normal operating cycle. Paragraph 29 of IAS 1 requires an entity to ‘present separately items of a dissimilar nature or function unless they are immaterial’. Paragraph 57 specifies that line items are included in the statement of financial position when the size, nature or function of an item (or aggregation of similar items) is such that separate presentation is relevant to an understanding of the entity’s financial position. Accordingly, the Committee concluded that, applying IAS 1, an entity presents liabilities that are part of a reverse factoring arrangement: • as part of ‘trade and other payables’ only when those liabilities have a similar nature and function to trade payables—for example, when those liabilities are part of the working capital used in the entity’s normal operating cycle. • separately when the size, nature or function of those liabilities makes separate presentation relevant to an understanding of the entity’s financial position. In assessing whether it is required to present such liabilities separately (including whether to disaggregate trade and other payables), an entity considers the amounts, nature and timing of those liabilities (paragraphs 55 and 58 of IAS 1). The Committee observed that an entity assessing whether to present liabilities that are part of a reverse factoring arrangement separately might consider factors including, for example: • whether additional security is provided as part of the arrangement that would not be provided without the arrangement. • the extent to which the terms of liabilities that are part of the arrangement differ from the terms of the entity’s trade payables that are not part of the arrangement. Derecognition of a financial liability An entity assesses whether and when to derecognise a liability that is (or becomes) part of a reverse factoring arrangement applying the derecognition requirements in IFRS 9 Financial Instruments.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		An entity that derecognises a trade payable to a supplier and recognises a new financial liability to a financial institution applies IAS 1 in determining how to present that new liability in its statement of financial position (see 'Presentation in the statement of financial position'). Presentation in the statement of cash flows Paragraph 6 of IAS 7 Statement of Cash Flows defines: - operating activities as 'the principal revenue-producing activities of the entity and other activities that are not investing or financing activities'; and - financing activities as 'activities that result in changes in the size and composition of the contributed equity and borrowings of the entity'. An entity that has entered into a reverse factoring arrangement determines how to classify cash flows under the arrangement, typically as cash flows from operating activities or cash flows from financing activities. The Committee observed that an entity's assessment of the nature of the liabilities that are part of the arrangement may help in determining whether the related cash flows arise from operating or financing activities. For example, if the entity considers the related liability to be a trade or other payable that is part of the working capital used in the entity's principal revenue-producing activities, the entity presents cash outflows to settle the liability as arising from operating activities in its statement of cash flows. In contrast, if the entity considers that the related liability is not a trade or other payable because the liability represents borrowings of the entity, the entity presents cash outflows to settle the liability as arising from financing activities in its statement of cash flows. Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from an entity's statement of cash flows (paragraph 43 of IAS 7). Consequently, if a cash inflow and cash outflow occur for an entity when an invoice is factored as part of a reverse factoring arrangement, the entity presents those cash flows in its statement of cash flows. If no cash inflow or cash outflow occurs for an entity in a financing transaction, the entity discloses the transaction elsewhere in the financial statements in a way that provides all the relevant information about the financing activity (paragraph 43 of IAS 7). Notes to the financial statements Paragraph 31 of IFRS 7 Financial Instruments: Disclosures requires an entity to provide information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed. IFRS 7 defines liquidity risk as 'the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset'. The Committee observed that reverse factoring arrangements often give rise to liquidity risk because: - the entity has concentrated a portion of its liabilities with one financial institution rather than a diverse group of suppliers. The entity may also obtain other sources of funding from the financial institution providing the reverse factoring	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		arrangement. If the entity were to encounter any difficulty in meeting its obligations, such a concentration would increase the risk that the entity might have to pay a significant amount, at one time, to one counterparty. - the entity may have become reliant on extended payment terms or the entity's supplier may have become accustomed to, or reliant on, earlier payment under the reverse factoring arrangement. If the financial institution were to withdraw the reverse factoring arrangement, that withdrawal could affect the entity's ability to settle liabilities when they are due, particularly if the entity were already in financial distress. Paragraphs 33–35 of IFRS 7 require an entity to disclose how exposures to risk arising from financial instruments, including liquidity risk, arise; the entity's objectives, policies and processes for managing the risk; summary quantitative data about the entity's exposure to liquidity risk at the end of the reporting period (including further information if this data is unrepresentative of the entity's exposure to liquidity risk during the period); and concentrations of risk. Paragraphs 39 and B11F of IFRS 7 specify further requirements and factors an entity might consider in providing liquidity risk disclosures. An entity applies judgement in determining whether to provide additional disclosures in the notes about the effect of reverse factoring arrangements on its financial position, financial performance and cash flows. The Committee observed that: - assessing how to present liabilities and cash flows related to reverse factoring arrangements may involve judgement. An entity discloses the judgements that management has made in this respect if they are among the judgements made that have the most significant effect on the amounts recognised in the financial statements (paragraph 122 of IAS 1). - reverse factoring arrangements may have a material effect on an entity's financial statements. An entity provides information about reverse factoring arrangements in its financial statements to the extent that such information is relevant to an understanding of any of those financial statements (paragraph 112 of IAS 1). The Committee noted that making materiality judgements involves both quantitative and qualitative considerations. Paragraph 44A of IAS 7 requires an entity to provide 'disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes'. The Committee noted that such disclosure is required for liabilities that are part of a reverse factoring arrangement if the cash flows for those liabilities were, or future cash flows will be, classified as cash flows from financing activities. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine the presentation of liabilities that are part of reverse factoring arrangements, the presentation of the related cash flows, and the information to disclose in the notes about, for example, liquidity risks that arise in such arrangements. Consequently, the Committee decided not to add a standard-setting project on these matters to the work plan.	
IAS 1 [IAS 8]	Fair Presentation and Compliance with IFRS Accounting Standards	The Committee received a request about the application of the requirements in paragraphs 15-24 of IAS 1 [paragraphs 6A-6J of IAS 8] relating to fair presentation and compliance with IFRS Accounting Standards. Fact pattern and question	Apr-26

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		In the fact pattern described in the request, an entity applying paragraph 19 of IAS 1 [paragraph 6E of IAS 8] departs from a requirement in an IFRS Accounting Standard. The request asked whether the entity is nonetheless required to comply with the requirement for fair presentation in paragraph 15 of IAS 1 [paragraph 6A of IAS 8]. Findings Evidence gathered by the Committee indicated that the fact pattern described in the request arises infrequently. Conclusion Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
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IAS 2	IAS 16 Property, Plant and Equipment and IAS 2 Inventories—Accounting for core inventories	Refer below – (click on link on left to access)	Nov-14
IAS 2	IAS 2 Inventories – Prepayments in long term supply contracts	The Interpretations Committee received a request seeking clarification on the accounting for long-term supply contracts for inventories when the purchaser agrees to make significant prepayments to the supplier. The question considered is whether the purchaser should accrete interest on long-term prepayments by recognising interest income, resulting in an increase in the cost of inventories and, ultimately, the cost of sales. The Interpretations Committee discussed this issue and noted that paragraph 18 of IAS 2 Inventories requires that when an entity purchases inventories on deferred settlement terms, and the arrangement contains a financing element, the difference between the purchase price on normal credit terms and the amount paid is recognised separately as interest expense over the period of the financing. It also noted that IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets include similar requirements when payment for an asset is deferred. IFRS 15 Revenue from Contracts with Customers, issued in May 2014, additionally includes the requirement that the financing component of a transaction should be recognised separately in circumstances of both prepayment and deferral of payment. The Interpretations Committee conducted outreach on this issue, but the outreach returned very limited results. In the absence of evidence about this issue, and of a broader range of information about the facts and circumstances relating to these transactions, the Interpretations Committee thought it would be difficult for it to address this topic efficiently and effectively. The Interpretations	Nov-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Committee observed, however, that when a financing component is identified in a long-term supply contract, that financing component should be accounted for separately. The Interpretations Committee acknowledged that judgement is required to identify when individual arrangements contain a financing component. The Interpretations Committee concluded that this issue did not meet its agenda criteria and therefore it decided to remove this issue from its agenda.	
IAS 2	Costs Necessary to Sell Inventories	The Committee received a request about the costs an entity includes as the 'estimated costs necessary to make the sale' when determining the net realisable value of inventories. In particular, the request asked whether an entity includes all costs necessary to make the sale or only those that are incremental to the sale. Paragraph 6 of IAS 2 defines net realisable value as 'the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale'. Paragraphs 28–33 of IAS 2 include further requirements about how an entity estimates the net realisable value of inventories. Those paragraphs do not identify which specific costs are 'necessary to make the sale' of inventories. However, paragraph 28 of IAS 2 describes the objective of writing inventories down to their net realisable value—that objective is to avoid inventories being carried 'in excess of amounts expected to be realised from their sale'. The Committee observed that, when determining the net realisable value of inventories, IAS 2 requires an entity to estimate the costs necessary to make the sale. This requirement does not allow an entity to limit such costs to only those that are incremental, thereby potentially excluding costs the entity must incur to sell its inventories but that are not incremental to a particular sale. Including only incremental costs could fail to achieve the objective set out in paragraph 28 of IAS 2. The Committee concluded that, when determining the net realisable value of inventories, an entity estimates the costs necessary to make the sale in the ordinary course of business. An entity uses its judgement to determine which costs are necessary to make the sale considering its specific facts and circumstances, including the nature of the inventories. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine whether the estimated costs necessary to make the sale are limited to incremental costs when determining the net realisable value of inventories. Consequently, the Committee decided not to add a standard-setting project to the work plan.	Jun-21
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 7	IAS 7 - Value added tax	The IFRIC considered whether it should add to its agenda a project to clarify whether cash flows reported in accordance with IAS 7 Cash Flow Statements should be measured as inclusive or exclusive of value added tax (VAT). There was evidence that different practices will emerge, the differences being most marked for entities that adopt the direct method of reporting cash flows. IAS 7 does not explicitly address the treatment of VAT. The IFRIC noted that it would be appropriate in complying with IAS 1 Presentation of Financial Statements for entities to disclose whether they present their gross cash flows as inclusive or exclusive of VAT. The IFRIC decided that it should not develop an Interpretation on this topic, because while different practices may emerge, they are not expected to be widespread. The IFRIC will recommend to the IASB that the treatment of VAT should be considered as part of the review of IAS 7 being carried out within the project on performance reporting.	Aug-05
IAS 7	IAS 7 - Statement of Cash Flows - Classification of expenditures	The IFRIC received a request for guidance on the treatment of some types of expenditure in the statement of cash flows. In practice some entities classify expenditures that are not recognised as assets under IFRSs as cash flows from operating activities while others classify them as part of investing activities. Examples of such expenditures are those for exploration and evaluation activities (which can be recognised, according to the applicable standard, as an asset or an expense). Advertising and promotional activities, staff training and research and development could also raise the same issue. The IFRIC concluded that the issue could be best resolved by referring it to the Board with a recommendation that IAS 7 should be amended to make explicit that only an expenditure that results in a recognised asset can be classified as a cash flow from investing activity. The IFRIC therefore decided not to add the issue to its agenda. UPDATE: <i>In Improvements to IFRSs issued in April 2009, the IASB amended paragraph 16 of IAS 7 to clarify that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. A Basis for Conclusions on IAS 7 containing paragraphs BC1-BC8 was also added (Paragraphs BC23A and BC23B were also added to the Basis for Conclusions on IFRS 6 as a result of the amendment).</i>	Mar-08
IAS 7	IAS 7 - Statement of Cash Flows - Determination of cash equivalents	The IFRIC received a request for guidance on whether investments in shares or units of money market funds that are redeemable at any time can be classified as cash equivalents. The IFRIC noted that paragraph 7 of IAS 7 states that the purpose of holding cash equivalents is to meet short-term cash commitments. In this context, the critical criteria in the definition of cash equivalents set out in paragraph 6 of IAS 7 are the requirements that cash equivalents be 'convertible to known amounts of cash' and 'subject to insignificant risk of changes in value'. The IFRIC noted that the first criterion means that the amount of cash that will be received must be known at the time of	July-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		the initial investment, ie the units cannot be considered cash equivalents simply because they can be converted to cash at any time at the then market price in an active market. The IFRIC also noted that an entity would have to satisfy itself that any investment was subject to an insignificant risk of changes in value for it to be classified as a cash equivalent. Given the guidance in IAS 7, the IFRIC did not expect significant diversity in practice because the purpose of holding the instrument and the satisfaction of the criteria should both be clear from its terms and conditions. Accordingly, the IFRIC decided not to add this issue to its agenda.	
IAS 7	IAS 7 Statement of Cash Flows—classification of interest paid that is capitalised as part of the cost of an asset	The Interpretations Committee received a request to clarify the classification in the cash flow statement of interest paid that is capitalised into the cost of property, plant and equipment. Paragraph 16 of IAS 7 was understood to require interest paid that is capitalised to be classified as an investing cash flow. The Committee was informed that this seemed inconsistent with paragraphs 32 and 33 of IAS 7, which required interest paid to be classified only as an operating or a financing cash flow. The Committee noted that the classification of payments of interest that are capitalised in accordance with IAS 23 Borrowing Costs should be classified in a manner that is consistent with the classification of the underlying asset to which those payments were capitalised. For example, payments of interest that are capitalised as part of the cost of property, plant and equipment should be classified as part of an entity's investing activities; payments of interest that are capitalised as part of the cost of inventories should be classified as part of an entity's operating activities. Consequently, to eliminate the noted conflict in the classification guidance for payments of interest that are capitalised, the Committee decided to recommend that the Board should amend, through the annual improvements process, IAS 7 to clarify that the classification of payments of interest that are capitalised shall be classified in a manner consistent with the classification of the underlying asset to which those payments were capitalised.	May-11
IAS 7	IAS 7 Statement of Cash Flows—identification of cash equivalents	The Interpretations Committee received a request about the basis of classification of financial assets as cash equivalents in accordance with IAS 7. More specifically, the submitter thinks that the classification of investments as cash equivalents on the basis of the remaining period to maturity as at the balance sheet date would lead to a more consistent classification rather than the current focus on the investment's maturity from its acquisition date. The Interpretations Committee noted that, on the basis of paragraph 7 of IAS 7, financial assets held as cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. This paragraph further states that an investment is classified as a cash equivalent, only when it has a short maturity from the date of acquisition. The Interpretations Committee observed that paragraph 7 of IAS 7 promotes consistency between entities in the classification of cash equivalents and did not think that the requirements of paragraph 7 of IAS 7 were unclear. On the basis of the above, the Interpretations Committee determined that in the light of the existing IFRS guidance, an interpretation or an amendment to Standards was not necessary and it did not expect significant diversity in practice to develop regarding their application.	May-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 7	IAS 7 Statement of Cash Flows—Classification of short-term loans and credit facilities	The Committee received a request asking about the types of borrowings an entity includes in its statement of cash flows as a component of cash and cash equivalents. In the fact pattern described in the request: a) an entity has short-term loans and credit facilities (short-term arrangements) that have a short contractual notice period (eg 14 days); b) the entity says it uses the short-term arrangements for cash management; and c) the balance of the short-term arrangements does not often fluctuate from being negative to positive. The Committee observed that: a) applying paragraph 8 of IAS 7, an entity generally considers bank borrowings to be financing activities. An entity, however, includes a bank borrowing as a component of cash and cash equivalents only in the particular circumstances described in paragraph 8 of IAS 7—ie the banking arrangement is a bank overdraft that (i) is repayable on demand, and (ii) forms an integral part of the entity's cash management. b) cash management includes managing cash and cash equivalents for the purpose of meeting short-term cash commitments rather than for investment or other purposes (paragraphs 7 and 9 of IAS 7). Assessing whether a banking arrangement is an integral part of an entity's cash management is a matter of facts and circumstances. c) if the balance of a banking arrangement does not often fluctuate from being negative to positive, then this indicates that the arrangement does not form an integral part of the entity's cash management and, instead, represents a form of financing. In the fact pattern described in the request, the Committee concluded that the entity does not include the short-term arrangements as components of cash and cash equivalents. This is because these short-term arrangements are not repayable on demand. Additionally, the fact that the balance does not often fluctuate from being negative to positive indicates that the short-term arrangements are a form of financing rather than an integral part of the entity's cash management. The Committee also noted that paragraphs 45 and 46 of IAS 7 require an entity to (a) disclose the components of cash and cash equivalents and present a reconciliation of the amounts in its statement of cash flows with the equivalent items reported in its statement of financial position; and (b) disclose the policy which it adopts in determining the composition of cash and cash equivalents. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to assess whether to include in its statement of cash flows the short-term arrangements described in the request as components of cash and cash equivalents. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	Jun-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 7	Disclosure of Changes in Liabilities Arising from Financing Activities	The Committee received a request from users of financial statements (investors) about the disclosure requirements in IAS 7 that relate to changes in liabilities arising from financing activities. Specifically, investors asked whether the disclosure requirements in paragraphs 44B–44E of IAS 7 are adequate to require an entity to provide disclosures that meet the objective in paragraph 44A of IAS 7. Meeting the disclosure objective (Paragraph 44A of IAS 7) Paragraph 44A of IAS 7 requires an entity to provide ‘disclosures that enable [investors] to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes’. To the extent necessary to satisfy the objective in paragraph 44A, paragraph 44B specifies that an entity discloses the following changes in liabilities arising from financing activities: a) changes from financing cash flows; b) changes arising from obtaining or losing control of subsidiaries or other businesses; c) the effect of changes in foreign exchange rates; d) changes in fair values; and e) other changes. The Board explained in paragraph BC16 that it developed the disclosure objective in paragraph 44A to reflect the needs of investors, including those summarised in paragraph BC10. The Board also noted in paragraph BC18 that when considering whether it has fulfilled the objective in paragraph 44A, an entity takes into consideration the extent to which information about changes in liabilities arising from financing activities provides relevant information to investors, considering the needs of investors summarised in paragraph BC10. These investor needs are: a) to check their understanding of the entity’s cash flows and use that understanding to improve their confidence in forecasting the entity’s future cash flows; b) to provide information about the entity’s sources of finance and how those sources have been used over time; and c) to help them understand the entity’s exposure to risks associated with financing. Reconciling between the opening and closing balances of liabilities arising from financing activities Paragraph 44D of IAS 7 states that ‘one way to fulfil the disclosure requirement in paragraph 44A is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including the changes identified in paragraph 44B’. When an entity discloses such a reconciliation it provides information that enables investors to link items included in the reconciliation to other areas of the financial statements. In doing this, an entity applies:	Sep-19 (Updated Jan-26)

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) paragraph 44C to identify liabilities arising from financing activities and use them as the basis of the reconciliation. Paragraph 44C defines these liabilities as 'liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities'. If an entity also chooses to define, and reconcile, a different 'net debt' measure, this does not remove the requirement for the entity to identify its liabilities arising from financing activities as defined in paragraph 44C. b) paragraph 44E to disclose changes in liabilities arising from financing activities separately from changes in any other assets and liabilities. c) paragraph 44D to provide sufficient information to enable investors to link the items included in the reconciliation to amounts reported in the statement of financial position and the statement of cash flows, or related notes. An entity develops disclosures that enable investors to link (i) the opening and closing balances of the liabilities arising from financing activities reported in the reconciliation, to (ii) amounts reported in the entity's statement of financial position (or related notes) regarding those liabilities. The Committee observed that an entity applies judgement in determining the extent to which it disaggregates and explains the changes in liabilities arising from financing activities included in the reconciliation to meet the objective in paragraph 44A. In this respect, the Committee noted the following: a) in disaggregating liabilities arising from financing activities, and cash and non-cash changes in those liabilities, an entity applies paragraph 44B of IAS 7 and <u>paragraphs 41-42 of IFRS 18</u> ~~paragraph 30A of IAS 1 Presentation of Financial Statements~~. Paragraph 41(e) states that an entity shall 'ensure that aggregation and disaggregation in the financial statements do not obscure material information.' ~~Paragraph 30A of IAS 1 states that an entity 'shall not reduce the understandability of its financial statements... by aggregating material items that have different natures or functions'.~~ Accordingly, an entity discloses any individually material items separately in the reconciliation. Such items include material classes of liability (or asset) arising from financing activities and material reconciling items (ie cash or non-cash changes). b) in explaining liabilities arising from financing activities, and cash and non-cash changes in those liabilities, an entity applies paragraph 44B of IAS 7 and <u>paragraph 113(c) of IFRS 18</u> ~~paragraph 112(c) of IAS 4~~. <u>Paragraph 113(c) of IFRS 18</u> ~~Paragraph 112(c) of IAS 4~~ requires an entity to disclose 'other information that is not presented ~~elsewhere~~ in the primary financial statements, but is necessary for relevant to an understanding of any of them'. Accordingly, applying paragraphs 44A-44E, an entity determines the appropriate structure for its reconciliation including the appropriate level of disaggregation. Thereafter, the entity determines whether additional explanation is needed to meet the disclosure objective in paragraph 44A. An entity would explain each class of liability (or asset) arising from financing activities included in the reconciliation and each reconciling item in a way that (i) provides information about its sources of finance, (ii) enables investors to check their understanding of the entity's cash flows, and (iii) enables investors to link items to the statement of financial position and the statement of cash flows, or related notes.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Accordingly, the Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to disclose information about changes in liabilities arising from financing activities that enables investors to evaluate those changes. Accordingly, the Committee concluded that the disclosure requirements in paragraphs 44B–44E of IAS 7, together with requirements in IFRS 18 ~~IAS 4~~ , are adequate to require an entity to provide disclosures that meet the objective in paragraph 44A of IAS 7. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IAS 7 / IAS 1 / IFRS 7	Supply Chain Financing Arrangements—Reverse Factoring	See above (click on link on left to access)	Dec-20
IAS 7	IAS 7 Statement of Cash Flows – Demand Deposits with Restrictions on Use arising from a Contract with a Third Party	The Committee received a request about whether an entity includes a demand deposit as a component of cash and cash equivalents in its statements of cash flows and financial position when the demand deposit is subject to contractual restrictions on use agreed with a third party. In the fact pattern described in the request, the entity: a) holds a demand deposit whose terms and conditions do not prevent the entity from accessing the amounts held in it (that is, were the entity to request any amount from the deposit, it would receive that amount on demand). b) has a contractual obligation with a third party to keep a specified amount of cash in that separate demand deposit and to use the cash only for specified purposes. If the entity were to use the amounts held in the demand deposit for purposes other than those agreed with the third party, the entity would be in breach of its contractual obligation. Cash and cash equivalents in the statement of cash flows The Committee noted that the question in the request is about whether the demand deposit meets the definition of ‘cash’ in IAS 7. Paragraph 6 of IAS 7 defines ‘cash’ by stating that it ‘comprises cash on hand and demand deposits.’ IAS 7 includes no requirements on whether an item qualifies as cash beyond the definition itself IAS 7 and ~~IFRS 18~~ ~~IAS 1~~ ~~Presentation of Financial Statements~~ indicate that amounts included in cash and cash equivalents may be subject to restrictions, namely: a) paragraph 48 of IAS 7 requires an entity to disclose information about ‘significant cash and cash equivalent balances held by the entity that are not available for use by the group’; and b) ~~paragraph 99(d) of IFRS 18~~ ~~paragraph 66(d) of IAS 4~~ requires an entity to classify as current an asset that is ‘cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period’. The Committee concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7. In the fact pattern described in the request, the contractual restrictions on the use of the amounts	Apr-22 (Updated Jan-26)

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		held in the demand deposit do not change the nature of the deposit—the entity can access those amounts on demand. Therefore, the Committee concluded that the entity includes the demand deposit as a component of ‘cash and cash equivalents’ in its statement of cash flows. Presentation in the statement of financial position Paragraph ~~103(k)~~ of IFRS 18 ~~54(i)~~ of IAS 1 requires an entity to include a line item in its statement of financial position that presents the amount of ‘cash and cash equivalents’. Paragraphs 23-24 of IFRS 18 require an entity to present additional line items and subtotals if such presentations are necessary for a primary financial statement to provide a useful structured summary or not present separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary. Paragraph 55 of IAS 1 states ‘an entity shall present additional line items (including by disaggregating the line items listed in paragraph 54) ... in the statement of financial position when such presentation is relevant to an understanding of the entity’s financial position’. Therefore, the Committee concluded that, in the fact pattern described in the request, the entity presents the demand deposit as cash and cash equivalents in its statement of financial position. ~~When necessary to provide a useful structured summary of its assets in the statement of financial position, the entity would present the demand deposit in an additional line item separately from other cash and cash equivalents. When relevant to an understanding of its financial position, the entity would disaggregate the ‘cash and cash equivalents’ line item and present the demand deposit separately in an additional line item.~~ An entity that presents assets as current or non-current would classify the demand deposit as current applying <u>paragraph 99(d) of IFRS 18</u> ~~paragraph 66(d) of IAS 1~~, unless the demand deposit is ‘restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period’. Disclosures Paragraph 45 of IAS 7 states that ‘an entity shall disclose the components of cash and cash equivalents...’. Applying this requirement, in the fact pattern described in the request, the entity discloses the demand deposit as a component of cash and cash equivalents. The entity also considers whether to disclose additional information: a) in the context of the requirements in IFRS 7 Financial Instruments: Disclosures about liquidity risk arising from financial instruments and how an entity manages that risk; and b) if the information it provides in applying the disclosure requirements in IAS 7 and IFRS 7 is insufficient to enable users of financial statements to understand the <u>effect</u> ~~impact~~ of the restrictions on the entity’s financial position (<u>paragraph 20 of IFRS 18</u> ~~paragraph 31 of IAS 1~~). The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine whether to include demand deposits subject to contractual restrictions on use agreed with a third party as a component of cash and cash equivalents in its statements of cash flows and financial position. Consequently, the Committee decided not to add a standard-setting project to the work plan.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 7	Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts	The Committee received a request about how an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made on contracts to purchase or sell commodities at a predetermined price and at a specified time in the future. Fact pattern The request describes a contract to purchase or sell commodities at a predetermined price and at a specified time in the future. An entity may enter into such a contract for different purposes and applies the relevant requirements in IFRS Accounting Standards accordingly. For example, the entity may use such a contract: a. to receive commodities in accordance with its expected usage requirements; b. to hedge against fluctuations in the prices of commodities; or c. for trading purposes. Such a contract typically has a maturity of up to three years, can be settled physically or net in cash and is both: a. <i>centrally cleared</i>—that is, after a new contract is entered into, for the purpose of settlement via a central counterparty, the contract is novated by each counterparty to the central counterparty. b. <i>collateralised-to-market</i>—that is, during the life of the contract, the counterparties make or receive daily payments based on the fluctuations of the fair value of the contract (variation margin call payments). These variation margin call payments represent a transfer of cash collateral (hence the contract is 'collateralised to market'), rather than a partial settlement of the contract (as in 'settled-to-market' contracts). The request asked how an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made on such a contract. Conclusion Evidence gathered by the Committee did not indicate that the matter described in the request is widespread. Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	Feb-25
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IAS 8	IAS 8 Accounting Policies, Changes in Accounting Estimates	IAS 8 requires management to use judgement in developing and applying an accounting policy that results in information that is relevant and reliable, in the absence of an IFRS that specifically applies to a transaction. IAS 8 specifies that management shall refer to and consider the applicability of requirements in IFRSs dealing with similar and related issues. The Interpretations	Mar-11

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	and Errors—application of the IAS 8 hierarchy	Committee received a question as to whether it could be appropriate to consider only certain aspects of an IFRS being analogised to, or whether all aspects of the IFRS being analogised to would be required to be applied. The Committee observed that when management develops an accounting policy through analogy to an IFRS dealing with similar and related matters, it needs to use its judgement in applying all aspects of the IFRS that are applicable to the particular issue. The Committee concluded that the process for developing accounting policies by analogy does not need to be clarified in paragraphs 10–12 of IAS 8 because the current guidance is sufficient. Consequently, the Committee decided that this issue should not be added to its agenda.	
IAS 8	Commodity loans	The Committee received a request on how to account for a commodity loan transaction. Specifically, the transaction is one in which a bank borrows gold from a third party (Contract 1) and then lends that gold to a different third party for the same term and for a higher fee (Contract 2). The bank enters into the two contracts in contemplation of each other, but the contracts are not linked—ie the bank negotiates the contracts independently of each other. In each contract, the borrower obtains legal title to the gold at inception and has an obligation to return, at the end of the contract, gold of the same quality and quantity as that received. In exchange for the loan of gold, each borrower pays a fee to the respective lender over the term of the contract but there are no cash flows at inception of the contract. The Committee was asked whether, for the term of the two contracts, the bank that borrows and then lends the gold recognises: a) an asset representing the gold (or the right to receive gold); and b) a liability representing the obligation to deliver gold. The Committee observed that the particular transaction in the submission might not be clearly captured within the scope of any IFRS Standard.¹ In the absence of a Standard that specifically applies to a transaction, an entity applies paragraphs 10 and 11 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in developing and applying an accounting policy to the transaction. In doing so, paragraph 11 of IAS 8 requires an entity to consider: a) whether there are requirements in IFRS Standards dealing with similar and related issues; and, if not; b) how to account for the transaction applying the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Conceptual Framework. The Committee noted that, applying paragraph 10 of IAS 8, the accounting policy developed must result in information that is (i) relevant to the economic decision-making needs of users of financial statements; and (ii) reliable—ie represents faithfully the financial position, financial performance and cash flows of the entity; reflects the economic substance; and is neutral, prudent and complete in all material respects. The Committee observed that, in considering the requirements that deal with similar and related issues, an entity considers all the requirements dealing with those similar and related issues, including relevant disclosure requirements.	Mar-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee also observed that the requirements in paragraph 112(c) of IAS 1 Presentation of Financial Statements are relevant if an entity develops an accounting policy applying paragraphs 10 and 11 of IAS 8 for a commodity loan transaction such as that described in the submission. In applying these requirements, an entity considers whether additional disclosures are needed to provide information relevant to an understanding of the accounting for, and risks associated with, such commodity loan transactions The Committee concluded that it would be unable to resolve the question asked efficiently within the confines of existing IFRS Standards. The wide range of transactions involving commodities means that any narrow-scope standard-setting activity would be of limited benefit to entities and would have a high risk of unintended consequences. Consequently, the Committee decided not to add this matter to its standard-setting agenda. [1]The Committee observed, however, that particular IFRS Standards would apply to other transactions involving commodities (for example, the purchase of commodities for use in an entity's production process, or the sale of commodities to customers).	
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IAS 10	IAS 10 Events after the Reporting Period—Reissuing previously issued Financial Statements	The Interpretations Committee was asked to clarify the accounting implications of applying IAS 10 Events after the Reporting Period when previously issued financial statements are reissued in connection with an offering document. The issue arose in jurisdictions in which securities laws and regulatory practices require an entity to reissue its previously issued annual financial statements in connection with an offering document, when the most recently filed interim financial statements reflect matters that are accounted for retrospectively under the applicable accounting standards. In these jurisdictions, securities law and regulatory practices do not require or permit the entity, in its reissued financial statements, to recognise events or transactions that occur between the time the financial statements were first authorised for issued and the time the financial statements are reissued, unless the adjustment is required by national regulation; instead security and regulatory practices require the entity to recognise in its reissued financial statements only those adjustments that would ordinarily be made to the comparatives in the following year's financial statements. These adjustments would include, for example, adjustments for changes in accounting policy that are applied retrospectively, but would not include changes in accounting estimates. This approach is called 'dual dating'. The submitter asked the Interpretations Committee to clarify whether IAS 10 permits only one date of authorisation for issue (ie 'dual dating' is not permitted) when considered within the context of reissuing previously issued financial statements in connection with an offering document. The Interpretations Committee noted that the scope of IAS 10 is the accounting for, and disclosure of, events after the reporting period and that the objective of this Standard is to prescribe: a. when an entity should adjust its financial statements for events after the reporting period; and b. the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period.	May-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee also noted that financial statements prepared in accordance with IAS 10 should reflect all adjusting and non-adjusting events up to the date that the financial statements were authorised for issue. The Interpretations Committee noted that IAS 10 does not address the presentation of re-issued financial statements in an offering document when the originally issued financial statements have not been withdrawn, but the re-issued financial statements are provided either as supplementary information or a re-presentation of the original financial statements in an offering document in accordance with regulatory requirements. On the basis of the above and because the issue arises in multiple jurisdictions, each with particular securities laws and regulations which may dictate the form for re-presentations of financial statements, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 10	Preparation of Financial Statements when an Entity is No Longer a Going Concern	The Committee received a request about the accounting applied by an entity that is no longer a going concern (as described in paragraph 25 of IAS 1 Presentation of Financial Statements). The request asked whether such an entity: a) can prepare financial statements for prior periods on a going concern basis if it was a going concern in those periods and has not previously prepared financial statements for those periods (Question I); and b) restates comparative information to reflect the basis of accounting used in preparing the current period's financial statements if it had previously issued financial statements for the comparative period on a going concern basis (Question II). Question I Paragraph 25 of IAS 1 requires an entity to prepare financial statements on a going concern basis 'unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so'. Paragraph 14 of IAS 10 states that 'an entity shall not prepare its financial statements on a going concern basis if management determines after the reporting period either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so'. Applying paragraph 25 of IAS 1 and paragraph 14 of IAS 10, an entity that is no longer a going concern cannot prepare financial statements (including those for prior periods that have not yet been authorised for issue) on a going concern basis. The Committee therefore concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity that is no longer a going concern to determine whether it prepares its financial statements on a going concern basis. Question II Based on its research, the Committee observed no diversity in the application of IFRS Standards with respect to Question II. Therefore, the Committee has not obtained evidence that the matter has widespread effect. For the reasons noted above, the Committee decided not to add a standard-setting project on these matters to the work plan.	Jun-21

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
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IAS 11	IAS 11 - Allocation of profit in a single contract	The IFRIC considered an issue identified in its deliberations of service concession arrangements, namely whether it is appropriate in a single contract to determine different profit margins for the different components of the contract. Whilst IAS 11 Construction Contracts has specific criteria for contract segmentation, the guidance on segmenting in IAS 18 Revenue is expressed only at a general level. The IFRIC noted that in IAS 18: • paragraph 4 states that services directly related to construction contracts are not dealt with in IAS 18 but are dealt with in IAS 11 • paragraph 13 states that in certain circumstances, it is necessary to apply the recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction. The IFRIC noted that, whilst IAS 18 paragraph 21 refers to IAS 11, it does so only for the percentage of completion method for recognition of revenue and the associated expenses and does not refer to the combining, segmenting and disclosure requirements of IAS 11. The IFRIC noted that, as part of its project on D20 Customer Loyalty Programmes, it had deliberated whether, in a single contract within the scope of IAS 18, it is appropriate to determine different profit margins for the different components of the contract. In D20, the IFRIC tentatively concluded that the requirements of IAS 18 paragraph 13 to account for separately identifiable components of a contract would require segmentation of contracts that have separately identifiable components potentially with different profit margins. D20 also proposes guidance on how to allocate the total contract revenue to the different components. The IFRIC noted that, for a single contract for construction and other services not directly related to construction activities, IAS 18 paragraphs 4 and 13 require the contract to be separated into two components, a construction component within the scope of IAS 11 and a service component within the scope of IAS 18, in order to reflect the substance of the transaction. The IFRIC noted that the segmenting criteria of IAS 11 apply only to the progressive recognition of margin relating to the construction component and that the requirements of paragraph 13 of IAS 18 apply to the service component. The consequence is that different profit margins might be recognised on the different components of such a single contract. The IFRIC decided that, in view of the existing guidance in IAS 18 and IAS 11 and because these issues are expected to be addressed in an Interpretation following from D20, it would not take this item onto its agenda. UPDATE: IFRIC 13 'Customer Loyalty Programme' was issued in June 2007. It states that an entity shall apply paragraph 13 of IAS 18 and account for award credits as a separately identifiable component of the sales transaction(s) in which they are granted. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the award credits and the other components of the sale.	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
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IAS 12	IAS 12 - Carryforward of unused tax losses and tax credits	The IFRIC considered whether to provide guidance on how to apply the probability criterion for the recognition of deferred tax assets arising from the carryforward of unused tax losses and unused tax credits, and in particular whether the criterion should be applied to the amount of unused tax losses or unused tax credits taken as a whole or to portions of the total amount. The IFRIC decided not to develop any guidance because, in practice, the criterion is generally applied to portions of the total amount. The IFRIC was not aware of much diversity in practice.	Jun-05
IAS 12	IAS 12 - Deferred tax relating to finance leases	The IFRIC considered the treatment of deferred tax relating to assets and liabilities arising from finance leases. While noting that there is diversity in practice in applying the requirements of IAS 12 to assets and liabilities arising from finance leases, the IFRIC agreed not to develop any guidance because this falls directly within the scope of the Board's short-term convergence project on income taxes with the FASB. An exposure draft is expected later this year.	Jun-05
IAS 12	IAS 12 - Non-amortisable intangible assets	The IFRIC considered whether to develop guidance on various issues arising from the application of IAS 12 to non-amortised intangible assets, including the question of what tax rate should be applied to calculate deferred tax on intangible assets that are no longer to be amortised because of changes to accounting standards. The IFRIC also considered the relevance of SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets. The IFRIC decided not to develop an Interpretation on this topic because the issues fell within the scope of the IASB's short-term convergence project with the FASB. An exposure draft is expected later this year. In response to concerns that the IAS 8 hierarchy requires an analogy to be made to the requirements of SIC-21 in all situations involving assets measured at fair value, the IFRIC noted that SIC-21 has a limited scope that does not address this particular issue.	Aug-05
IAS 12	IAS 12 - Single asset entities	The IFRIC considered the application of IAS 12 to single asset entities, and whether the expected manner of recovery of the asset should in any circumstances reflect disposal of the entity rather than the asset. The IFRIC decided not to take this item onto its agenda because the falls directly within the scope of the IASB's short-term convergence project on income taxes with the FASB. An exposure draft is expected in 2006.	Nov-05

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 12	IAS 12 - Scope	The IFRIC considered whether to give guidance on which taxes are within the scope of IAS 12. The IFRIC noted that IAS 12 applies to income taxes, which are defined as taxes that are based on taxable profit. That implies that (i) not all taxes are within the scope of IAS 12 but (ii) because taxable profit is not the same as accounting profit, taxes do not need to be based on a figure that is exactly accounting profit to be within the scope. The latter point is also implied by the requirement in IAS 12 to disclose an explanation of the relationship between tax expense and accounting profit. The IFRIC further noted that the term 'taxable profit' implies a notion of a net rather than gross amount. Finally, the IFRIC observed that any taxes that are not in the scope of IAS 12 are in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. However, the IFRIC also noted the variety of taxes that exist world-wide and the need for judgement in determining whether some taxes are income taxes. The IFRIC therefore believed that guidance beyond the observations noted above could not be developed in a reasonable period of time and decided not to take a project on this onto its agenda.	Mar-06
IAS 12	IAS 12 - Deferred tax arising from unremitted foreign earnings	The IFRIC was asked to provide guidance on whether entities should recognise a deferred tax liability in respect of temporary differences arising because foreign income is not taxable unless remitted to the entity's home jurisdiction. The foreign income in question did not arise in a foreign subsidiary, associate or joint venture. The submission referred to paragraph 39 of IAS 12 and noted that, if the foreign income arose in a foreign subsidiary, branch, associate or interest in a joint venture and met the conditions in IAS 12 paragraph 39(a) and (b), no deferred tax liability would be recognised. The submission noted that IAS 12 does not include a definition of a branch. It therefore asked for guidance as to what constituted a branch. Even if the income did not arise in a branch, the submission asked for clarity as to whether the exception in paragraph 39 could be applied to other similar foreign income by analogy. The IFRIC noted that the Board was considering the recognition of deferred tax liabilities for temporary differences relating to investments in subsidiaries, branches, associates and joint ventures as part of its Income Taxes project. As part of this project, the Board has tentatively decided to eliminate the notion of 'branches' from IAS 12 and to amend the wording for the exception for subsidiaries to restrict its application. The project team has been informed of the issue raised with the IFRIC. Since the issue is being addressed by a Board project that is expected to be completed in the near future, the IFRIC decided not to add the issue to its agenda.	Jul-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 12	IAS 12 - Income Taxes - Classification of tonnage taxes	The IFRIC received a request for guidance on whether tax based on tonnage capacity can be considered an income tax in accordance with IAS 12. The IFRIC noted that the term 'tonnage tax' is applied to variety of tax regimes. In some jurisdictions, shipping companies are permitted to choose to be taxed on the basis of tonnage capacity or a notional profit instead of standard corporate income tax regulations. In some jurisdictions, this choice is irrevocable. The IFRIC has previously noted that IAS 12 applies to income taxes, which are defined as taxes that are based on taxable profit, and that the term 'taxable profit' implies a notion of a net rather than a gross amount. Taxes either on tonnage transported or tonnage capacity are based on gross rather than net amounts. Taxes on a notional income derived from tonnage capacity are not based on the entity's actual income and expenses. Consequently, the IFRIC noted that such taxes would not be considered income taxes in accordance with IAS 12 and would not be presented as part of tax expense in the statement of comprehensive income. However, the IFRIC also noted that, in accordance with paragraph 85 of IAS 1 Presentation of Financial Statements, an entity subject to tonnage tax would present additional subtotals in that statement if that presentation is relevant to an understanding of its financial performance. Given the requirements of IAS 12, the IFRIC decided not to add the issue to its agenda.	May-09
IAS 12	IAS 12 Income Taxes—Rebuttable presumption to determine the manner of recovery	Paragraph 51C of IAS 12 contains a rebuttable presumption, for the purposes of recognising deferred tax, that the carrying amount of an investment property measured at fair value will be recovered through sale. The Committee received a request to clarify whether that presumption can be rebutted in cases other than the case described in paragraph 51C. The Interpretations Committee noted that a presumption is a matter of consistently applying a principle (or an exception) in IFRSs in the absence of acceptable reasons to the contrary and that it is rebutted when there is sufficient evidence to overcome the presumption. Because paragraph 51C is expressed as a rebuttable presumption and because the sentence explaining the rebuttal of the presumption does not express the rebuttal as 'if and only if', the Committee thinks that the presumption in paragraph 51C of IAS 12 is rebutted in other circumstances as well, provided that sufficient evidence is available to support that rebuttal. Based on the rationale described above, the Committee decided not to add this issue to its agenda.	Nov-11
IAS 12	IAS 1 Presentation of Financial Statements and IAS 12 Income Taxes - Presentation of payments of non-income taxes	The Interpretations Committee received a request seeking clarification of whether production-based royalty payments payable to one taxation authority that are claimed as an allowance against taxable profit of another taxation authority should be presented as an operating expense or a tax expense in the statement of comprehensive income. As the basis for this request, the submitter assumed that the production-based royalty payments are, in themselves, outside the scope of IAS 12 Income Taxes while the tax payable to the other taxation authority is within the scope of IAS 12. The Committee used this same premise when discussing the issue. The Committee observed that the line item of 'tax expense' that is required by paragraph 82(d) of IAS 1 Presentation of Financial Statements is intended to require an entity to present taxes that meet the definition of income taxes under IAS 12. The Committee also noted that it is the basis of the calculation that determines whether a tax meets the definition of an income tax. Neither the	Mar-12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		manner of settlement of a tax liability nor the factors relating to recipients of the tax is a determinant of whether an item meets that definition. The Committee further noted that royalty payments should not be treated differently from other expenses that are outside the scope of IAS 12, all of which may reduce income tax payable. Accordingly, because the production-based royalties do not meet the definition of an income tax they should not be presented as an income tax expense in the statement of comprehensive income. On the basis of applying the analysis above the Committee [decided] not to add this issue to its agenda.	
IAS 12	IAS 12 Income Taxes - Accounting for market value uplifts introduced by a new tax regime	The IFRS Interpretations Committee received a request to clarify the accounting for market value uplifts introduced in a new income tax regime in a jurisdiction. In calculating taxable profit under the tax regime, entities are permitted to calculate tax depreciation for certain mining assets using the market value of the assets as of a particular date as the 'starting base allowance', rather than the cost or carrying amount of the assets. If there is insufficient profit against which the annual tax depreciation can be used, it is carried forward and is able to be used as a deduction against taxable profit in future years. The Committee noted that the starting base allowance, including the part that is attributable to the market value uplift, is attributed to the related assets under the tax regime and will become the basis for depreciation expense for tax purposes. Consequently, the market value uplift forms part of the related asset's 'tax base', as defined in paragraph 5 of IAS 12. The Committee observed that IAS 12 requires an entity to reflect an adjustment to the tax base of an asset that is due to an increase in the deductions available as a deductible temporary difference. Accordingly, the Committee noted that a deferred tax asset should be recognised to the extent that it meets the recognition criteria in paragraph 24 of IAS 12. The Committee considered that, in the light of its analysis of the existing requirements of IAS 12, an interpretation was not necessary and consequently decided not to add this issue to its agenda.	July-12
IAS 12	Income Taxes—Impact of an internal reorganisation on deferred tax amounts related to goodwill	The Interpretations Committee received a request for guidance on the calculation of deferred tax following an internal reorganisation of an entity. The submitter describes a situation in which an entity (Entity H) recognised goodwill that had resulted from the acquisition of a group of assets (Business C) that meets the definition of a business in IFRS 3 Business Combinations. Entity H subsequently recorded a deferred tax liability relating to goodwill deducted for tax purposes. Against this background, Entity H effects an internal reorganisation in which: a) Entity H set up a new wholly-owned subsidiary (Subsidiary A); b) Entity H transfers Business C, including the related (accounting) goodwill to Subsidiary A; however, c) for tax purposes, the (tax) goodwill is retained by Entity H and not transferred to Subsidiary A.	May-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The submitter asked how Entity H should calculate deferred tax following this internal reorganisation transaction in its consolidated financial statements in accordance with IAS 12. The Interpretations Committee noted that when entities in the same consolidated group file separate tax returns, separate temporary differences will arise in those entities in accordance with paragraph 11 of IAS 12. Consequently, the Interpretations Committee noted that when an entity prepares its consolidated financial statements, deferred tax balances would be determined separately for those temporary differences, using the applicable tax rates for each entity's tax jurisdiction. a) The Interpretations Committee also noted that when calculating the deferred tax amount for the consolidated financial statements: the amount used as the carrying amount by the 'receiving' entity (in this case, Subsidiary A that receives the (accounting) goodwill) for an asset or a liability is the amount recognised in the consolidated financial statements; and b) the assessment of whether an asset or a liability is being recognised for the first time for the purpose of applying the initial recognition exception described in paragraphs 15 and 24 of IAS 12 is made from the perspective of the consolidated financial statements. The Interpretations Committee noted that transferring the goodwill to Subsidiary A would not meet the initial recognition exception described in paragraphs 15 and 24 of IAS 12 in the consolidated financial statements. Consequently, it noted that deferred tax would be recognised in the consolidated financial statements for any temporary differences arising in each separate entity by using the applicable tax rates for each entity's tax jurisdiction (subject to meeting the recoverability criteria for recognising deferred tax assets described in IAS 12). The Interpretations Committee also noted that if there is a so-called 'outside basis difference' (ie a temporary difference between the carrying amount of the investment in Subsidiary A and the tax base of the investment) in the consolidated financial statements, deferred tax for such a temporary difference would also be recognised subject to the limitations and exceptions applying to the recognition of a deferred tax asset (in accordance with paragraph 44 of IAS 12) and a deferred tax liability (in accordance with paragraph 39 of IAS 12). The Interpretations Committee also noted that transferring assets between the entities in the consolidated group would affect the consolidated financial statements in terms of recognition, measurement and presentation of deferred tax, if the transfer affects the tax base of assets or liabilities, or the tax rate applicable to the recovery or settlement of those assets or liabilities. The Interpretations Committee also noted that such a transfer could also affect: a) the recoverability of any related deductible temporary differences and thereby affect the recognition of deferred tax assets; and b) the extent to which deferred tax assets and liabilities of different entities in the group are offset in the consolidated financial statements.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee considered that, in the light of its analysis, the existing IFRS requirements and guidance were sufficient and, therefore, an Interpretation was not necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 12	IAS 12 Income Taxes— recognition and measurement of deferred tax assets when an entity is loss-making	The Interpretations Committee received a request for guidance on the recognition and measurement of deferred tax assets when an entity is loss making. The Interpretations Committee was asked to clarify two issues: a) whether IAS 12 requires that a deferred tax asset is recognised for the carryforward of unused tax losses when there are suitable reversing taxable temporary differences, regardless of an entity's expectations of future tax losses; and b) how the guidance in IAS 12 is applied when tax laws limit the extent to which tax losses brought forward can be recovered against future taxable profits. In the tax systems considered for the second issue, the amount of tax losses brought forward that can be recovered in each tax year is limited to a specified percentage of the taxable profits of that year. The Interpretations Committee noted that according to paragraphs 28 and 35 of IAS 12: a) a deferred tax asset is recognised for the carryforward of unused tax losses to the extent of the existing taxable temporary differences, of an appropriate type, that reverse in an appropriate period. The reversal of those taxable temporary differences enables the utilisation of the unused tax losses and justifies the recognition of deferred tax assets. Consequently, future tax losses are not considered. b) when tax laws limit the extent to which unused tax losses can be recovered against future taxable profits in each year, the amount of deferred tax assets recognised from unused tax losses as a result of suitable existing taxable temporary differences is restricted as specified by the tax law. This is because when the suitable taxable temporary differences reverse, the amount of tax losses that can be utilised by that reversal is reduced as specified by the tax law. Also, in this case future tax losses are not considered. c) in both cases, if the unused tax losses exceed the amount of suitable existing taxable temporary differences (after taking into account any restrictions), an additional deferred tax asset is recognised only if the requirements in paragraphs 29 and 36 of IAS 12 are met (ie to the extent that it is probable that the entity will have appropriate future taxable profit, or to the extent that tax planning opportunities are available to the entity that will create appropriate taxable profit). On the basis of this analysis, the Interpretations Committee concluded that neither an Interpretation nor an amendment to the Standard was needed and consequently decided not to add these issues to its agenda.	May-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 12	IAS 12 Income Taxes— recognition of current income tax on uncertain tax position [1]. (Agenda Papers 3 and 3A)	The Interpretations Committee received a request to clarify the recognition of a tax asset in the situation in which tax laws require an entity to make an immediate payment when a tax examination results in an additional charge, even if the entity intends to appeal against the additional charge. In the situation described by the submitter, the entity expects, but is not certain, to recover some or all of the amount paid. The Interpretations Committee was asked to clarify whether IAS 12 is applied to determine whether to recognise an asset for the payment, or whether the guidance in IAS 37 Provisions, Contingent Liabilities and Contingent Assets should be applied. The Interpretations Committee noted that: a) a.paragraph 12 of IAS 12 provides guidance on the recognition of current tax assets and current tax liabilities. In particular, it states that: i. i.current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability; and ii. ii.if the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset. b) b.in the specific fact pattern described in the submission, an asset is recognised if the amount of cash paid (which is a certain amount) exceeds the amount of tax expected to be due (which is an uncertain amount). c) the timing of payment should not affect the amount of current tax expense recognised. The Interpretations Committee understood that the reference to IAS 37 in paragraph 88 of IAS 12 in respect of tax-related contingent liabilities and contingent assets may have been understood by some to mean that IAS 37 applied to the recognition of such items. However, the Interpretations Committee noted that paragraph 88 of IAS 12 provides guidance only on disclosures required for such items, and that IAS 12, not IAS 37, provides the relevant guidance on recognition, as described above. On the basis of this analysis, the Interpretations Committee noted that sufficient guidance exists. Consequently, the Interpretations Committee concluded that the agenda criteria are not met and decided to remove from its agenda the issue of how current income tax, the amount of which is uncertain, is recognised.	Aug-14
IAS 12	IAS 12 Income Taxes— recognition of deferred tax for a single asset in a corporate wrapper (Agenda Paper 11)	The Interpretations Committee received a request to clarify the accounting for deferred tax in the consolidated financial statements of the parent, when a subsidiary has only one asset within it (the asset inside) and the parent expects to recover the carrying amount of the asset inside by selling the shares in the subsidiary (the shares). The Interpretations Committee noted that: a) paragraph 11 of IAS 12 requires the entity to determine temporary differences in the consolidated financial statements by comparing the carrying amounts of assets and liabilities in the consolidated financial statements with the appropriate tax	Aug-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		base. In the case of an asset or a liability of a subsidiary that files separate tax returns, this is the amount that will be taxable or deductible on the recovery (settlement) of the asset (liability) in the tax returns of the subsidiary. b) the requirement in paragraph 11 of IAS 12 is complemented by the requirement in paragraph 38 of IAS 12 to determine the temporary difference related to the shares held by the parent in the subsidiary by comparing the parent's share of the net assets of the subsidiary in the consolidated financial statements, including the carrying amount of goodwill, with the tax base of the shares for purposes of the parent's tax returns. The Interpretations Committee also noted that these paragraphs require a parent to recognise both the deferred tax related to the asset inside and the deferred tax related to the shares, if: a) tax law attributes separate tax bases to the asset inside and to the shares; b) in the case of deferred tax assets, the related deductible temporary differences can be utilised as specified in paragraphs 24–31 of IAS 12; and c) no specific exceptions in IAS 12 apply. The Interpretations Committee noted that several concerns were raised with respect to the current requirements in IAS 12. However, analysing and assessing these concerns would require a broader project than the Interpretations Committee could perform on behalf of the IASB. Consequently, the Interpretations Committee decided not to take the issue onto its agenda but instead to recommend to the IASB that it should analyse and assess these concerns in its research project on Income Taxes.	
IAS 12	IAS 12 Income Taxes— Selection of applicable tax rate for the measurement of deferred tax relating to an investment in an associate	The Interpretations Committee received a request to clarify the selection of the applicable tax rate for the measurement of deferred tax relating to an investment in an associate in a multi-tax rate jurisdiction. The submitter asked how the tax rate should be selected when local tax legislation prescribes different tax rates for different manners of recovery (for example, dividends, sale, liquidation, etc). The submitter described a situation in which the carrying amount of an investment in an associate could be recovered by: (a) receiving dividends (or other distribution of profit); (b) sale to a third party; or (c) receiving residual assets upon liquidation of the associate. The submitter stated that an investor normally considers all of these variants of recovery. One part of the temporary difference will be received as dividends during the holding period, and another part will be recovered upon sale or liquidation. The Interpretations Committee noted that paragraph 51A of IAS 12 states that an entity measures deferred tax liabilities and	Mar-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		deferred tax assets using the tax rate and the tax base that are consistent with the expected manner of recovery or settlement. Accordingly, the tax rate should reflect the expected manner of recovery or settlement. If one part of the temporary difference is expected to be received as dividends, and another part is expected to be recovered upon sale or liquidation (for example, an investor has a plan to sell the investment later and expects to receive dividends until the sale of the investment), different tax rates would be applied to the parts of the temporary difference in order to be consistent with the expected manner of recovery. The Interpretations Committee observed that it had received no evidence of diversity in the application of IAS 12 and that the Standard contains sufficient guidance to address the matters raised. Accordingly, the Interpretations Committee thought that neither an Interpretation of nor an amendment to IAS 12 was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 12	IAS 12 Income Taxes—Recognition of deferred taxes for the effect of exchange rate changes	The Interpretations Committee received a submission regarding the recognition of deferred taxes when the tax bases of an entity's non-monetary assets and liabilities are determined in a currency that is different from its functional currency. The question is whether deferred taxes that result from exchange rate changes on the tax bases of non-current assets are recognised through profit or loss. The Interpretations Committee noted that paragraph 41 of IAS 12 Income Taxes states that when the tax base of a non-monetary asset or liability is determined in a currency that is different from the functional currency, temporary differences arise resulting in a deferred tax asset or liability. Such deferred tax does not arise from a transaction or event that is recognised outside profit or loss and is therefore charged or credited to profit or loss in accordance with paragraph 58 of IAS 12. Such deferred tax charges or credits would be presented with other deferred taxes, instead of with foreign exchange gains or losses, in the statement of profit or loss. The Interpretations Committee also noted that paragraph 79 of IAS 12 requires the disclosure of the major components of tax expense (income). The Interpretations Committee observed that when changes in the exchange rate are the cause of a major component of the deferred tax charge or credit, an explanation of this in accordance with paragraph 79 of IAS 12 would help users of financial statements to understand the tax expense (income) for the period. In the light of existing IFRS requirements, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	Jan-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 12	IAS 12 Income Taxes—Expected manner of recovery of intangible assets with indefinite useful lives (Agenda Paper 3)	The Interpretations Committee received a request to clarify how an entity determines the expected manner of recovery of an intangible asset with an indefinite useful life for the purposes of measuring deferred tax. The Interpretations Committee noted that paragraph 51 of IAS 12 Income Taxes states that the measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that follow from the manner in which an entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The Interpretations Committee also noted the requirements in paragraph 88 of IAS 38 Intangible Assets regarding intangible assets with indefinite useful lives. The Interpretations Committee observed that an intangible asset with an indefinite useful life is not a non-depreciable asset as envisaged by paragraph 51B of IAS 12. This is because a non-depreciable asset has an unlimited (or infinite) life, and IAS 38 explains that indefinite does not mean infinite. Consequently, the requirements in paragraph 51B of IAS 12 do not apply to intangible assets with an indefinite useful life. The Interpretations Committee noted the Board’s observation about intangible assets with indefinite useful lives when the Board amended IAS 38 in 2004. The Board observed that an entity does not amortise an intangible asset with an indefinite useful life because there is no foreseeable limit on the period during which it expects to consume the future economic benefits embodied in the asset. Accordingly, amortisation over an arbitrarily determined maximum period would not be representationally faithful. The reason for non-amortisation of an intangible asset with an indefinite useful life is not because there is no consumption of the future economic benefits embodied in the asset. The Interpretations Committee observed that an entity recovers the carrying amount of an asset in the form of economic benefits that flow to the entity in future periods, which could be through use or sale of the asset. Accordingly, the recovery of the carrying amount of an asset does not depend on whether the asset is amortised. Consequently, the fact that an entity does not amortise an intangible asset with an indefinite useful life does not necessarily mean that the entity will recover the carrying amount of that asset only through sale and not through use. The Interpretations Committee noted that an entity applies the principle and requirements in paragraphs 51 and 51A of IAS 12 when measuring deferred tax on an intangible asset with an indefinite useful life. In applying these paragraphs, an entity determines its expected manner of recovery of the carrying amount of the intangible asset with an indefinite useful life, and reflects the tax consequences that follow from that expected manner of recovery. The Interpretations Committee concluded that the principle and requirements in paragraphs 51 and 51A of IAS 12 provide sufficient requirements to enable an entity to measure deferred tax on intangible assets with indefinite useful lives. In the light of existing requirements in IFRS Standards, the Interpretations Committee determined that neither an IFRIC Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	Nov-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 12	IAS 12 Income Taxes—Recognition of deferred taxes when acquiring a single-asset entity that is not a business	The Committee received a submission questioning how, in its consolidated financial statements, an entity accounts for a transaction in which it acquires all the shares of another entity that has an investment property as its only asset. In the fact pattern submitted, the acquiree had recognised in its statement of financial position a deferred tax liability arising from measuring the investment property at fair value. The amount paid for the shares is less than the fair value of the investment property because of the associated deferred tax liability. The transaction described in the submission does not meet the definition of a business combination in IFRS 3 Business Combinations because the acquired entity is not a business. The acquiring entity applies the fair value model in IAS 40 Investment Property. The submitter asked whether the requirements in paragraph 15(b) of IAS 12 permit the acquiring entity to recognise a deferred tax liability on initial recognition of the transaction. If this is not the case, the submitter asked the Committee to consider whether the requirements in paragraph 15(b) of IAS 12 should be amended so that, in these circumstances, the acquiring entity would not recognise a gain on measuring the investment property at fair value immediately after initial recognition of the transaction. The Committee noted that: a) because the transaction is not a business combination, paragraph 2(b) of IFRS 3 requires the acquiring entity, in its consolidated financial statements, to allocate the purchase price to the assets acquired and liabilities assumed; and b) paragraph 15(b) of IAS 12 says that an entity does not recognise a deferred tax liability for taxable temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit or loss nor taxable profit (tax loss). Accordingly, on acquisition, the acquiring entity recognises only the investment property and not a deferred tax liability in its consolidated financial statements. The acquiring entity therefore allocates the entire purchase price to the investment property. The Committee concluded that the requirements in IFRS Standards provide an adequate basis for an entity to determine how to account for the transaction. The Committee also concluded that any reconsideration of the initial recognition exception in paragraph 15(b) of IAS 12 is something that would require a Board-level project. Consequently, the Committee decided not to add this matter to its standard-setting agenda. The Committee noted that the Board had recently considered whether to add a project on IAS 12 to the Board's agenda but had decided not to do so. Consequently, the Committee did not recommend that the Board consider adding a project to its agenda on this topic.	Mar-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 12	IAS 12 Income Taxes—Interest and penalties related to income taxes	IFRS Standards do not specifically address the accounting for interest and penalties related to income taxes (interest and penalties). In the light of the feedback received on the draft IFRIC Interpretation Uncertainty over Income Tax Treatments, the Committee considered whether to add a project on interest and penalties to its standard-setting agenda. On the basis of its analysis, the Committee concluded that a project on interest and penalties would not result in an improvement in financial reporting that would be sufficient to outweigh the costs. Consequently, the Committee decided not to add a project on interest and penalties to its standard-setting agenda. Nonetheless, the Committee observed that entities do not have an accounting policy choice between applying IAS 12 and applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets to interest and penalties. Instead, if an entity considers a particular amount payable or receivable for interest and penalties to be an income tax, then the entity applies IAS 12 to that amount. If an entity does not apply IAS 12 to a particular amount payable or receivable for interest and penalties, it applies IAS 37 to that amount. An entity discloses its judgement in this respect applying paragraph 122 of IAS 1 Presentation of Financial Statements if it is part of the entity's judgements that had the most significant effect on the amounts recognised in the financial statements. Paragraph 79 of IAS 12 requires an entity to disclose the major components of tax expense (income); for each class of provision, paragraphs 84–85 of IAS 37 require a reconciliation of the carrying amount at the beginning and end of the reporting period as well as other information. Accordingly, regardless of whether an entity applies IAS 12 or IAS 37 when accounting for interest and penalties, the entity discloses information about those interest and penalties if it is material. The Committee also observed it had previously published agenda decisions discussing the scope of IAS 12 in March 2006 and May 2009.	Sep-17
IAS 12	Multiple Tax Consequences of Recovering an Asset	The Committee received a request about deferred tax when the recovery of the carrying amount of an asset gives rise to multiple tax consequences. In the fact pattern described in the request: an entity acquires an intangible asset with a finite useful life (a licence) as part of a business combination. The carrying amount of the licence at initial recognition is CU100. The entity intends to recover the carrying amount of the licence through use, and the expected residual value of the licence at expiry is nil. the applicable tax law prescribes two tax regimes: an income tax regime and a capital gains tax regime. Tax paid under both regimes meets the definition of income taxes in IAS 12. Recovering the licence's carrying amount has both of the following tax consequences:	Apr-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		under the income tax regime—the entity pays income tax on the economic benefits it receives from recovering the licence’s carrying amount through use, but receives no tax deductions in respect of amortisation of the licence (taxable economic benefits from use); and under the capital gains tax regime—the entity receives a tax deduction of CU100 when the licence expires (capital gain deduction). the applicable tax law prohibits the entity from using the capital gain deduction to offset the taxable economic benefits from use in determining taxable profit. The request asked how the entity determines the tax base of the asset and, consequently, how it recognises and measures deferred tax. The fundamental principle in IAS 12 The fundamental principle upon which IAS 12 is based (as stated in paragraph 10 of IAS 12) is that ‘an entity shall, with certain limited exceptions, recognise a deferred tax liability (asset) whenever recovery or settlement of the carrying amount of an asset or liability would make future tax payments larger (smaller) than they would be if such recovery or settlement were to have no tax consequences’. Applying the fundamental principle to the fact pattern The recovery of the asset’s carrying amount gives rise to two distinct tax consequences—it results in taxable economic benefits from use and a capital gain deduction that cannot be offset in determining taxable profit. Accordingly, applying the fundamental principle in IAS 12, an entity reflects separately these distinct tax consequences of recovering the asset’s carrying amount. An entity identifies temporary differences in a manner that reflects these distinct tax consequences by comparing: a) the portion of the asset’s carrying amount that will be recovered under one tax regime; to b) the tax deductions the entity will receive under that same tax regime (which are reflected in the asset’s tax base). In the fact pattern described in the request, the Committee concluded that the entity identifies both: a) a taxable temporary difference of CU100—the entity will recover the licence’s carrying amount (CU100) under the income tax regime, but will receive no tax deductions under that regime (that is, none of the tax base relates to deductions under the income tax regime); and b) a deductible temporary difference of CU100—the entity will not recover any part of the licence’s carrying amount under the capital gains tax regime, but will receive a deduction of CU100 upon expiry of the licence (that is, all of the tax base relates to deductions under the capital gains tax regime).	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The entity then applies the requirements in IAS 12 considering the applicable tax law in recognising and measuring deferred tax for the identified temporary differences. The Committee concluded that the principles and requirements in IAS 12 provide an adequate basis for an entity to recognise and measure deferred tax in the fact pattern described in the request. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IAS 12	Deferred Tax related to an Investment in a Subsidiary	The Committee received a request about how an entity, in its consolidated financial statements, accounts for deferred tax related to its investment in a subsidiary. In the fact pattern described in the request: a) undistributed profits of the subsidiary give rise to a taxable temporary difference associated with the entity's investment in the subsidiary. b) the entity has determined that the conditions in paragraph 39 of IAS 12 for applying the exception from recognising a deferred tax liability related to its investment in the subsidiary are not satisfied because the entity expects the subsidiary to distribute its profits (which are available for distribution) in the foreseeable future. c) the entity and subsidiary operate in a jurisdiction in which: i. profits are taxable only when distributed—that is, the income tax rate applicable to undistributed profits is nil (undistributed tax rate). ii. a 20% tax rate applies to profit distributions (distributed tax rate). However, profit distributions made by the entity are not taxable to the extent that the subsidiary has already been taxed on that profit—that is, profit distributions are taxed only once. The request asked whether the entity recognises a deferred tax liability for the taxable temporary difference associated with its investment in the subsidiary. Paragraph 39 of IAS 12 requires an entity to recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, except to the extent that (a) the parent is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future. In the fact pattern described in the request, there is a taxable temporary difference associated with the entity's investment in the subsidiary. The entity has also determined that the recognition exception in paragraph 39 of IAS 12 does not apply because it is probable that the temporary difference will reverse in the foreseeable future when the subsidiary distributes its undistributed profits. Accordingly, the Committee concluded that the entity recognises a deferred tax liability for that taxable temporary difference. Paragraph 51 of IAS 12 requires an entity to reflect—in the measurement of deferred tax assets and deferred tax liabilities—'the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities'.	Jun-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		In the fact pattern described in the request, the entity expects to recover the carrying amount of its investment in the subsidiary through distributions of profits by the subsidiary, which would be taxed at the distributed tax rate. Accordingly, the Committee concluded that, in applying paragraph 51 of IAS 12, the entity uses the distributed tax rate to measure the deferred tax liability related to its investment in the subsidiary. The Committee observed that, in the fact pattern described in the request, the entity does not apply paragraph 57A of IAS 12—that paragraph applies only in the context of dividends payable by the reporting entity. Further, paragraph 52A of IAS 12 does not apply to the measurement of a current or deferred tax asset or liability that itself reflects the tax consequences of a distribution of profits. The Committee concluded that the principles and requirements in IAS 12 provide an adequate basis for an entity to account for deferred tax in the fact pattern described in the request. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
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IAS 16	IAS 16 - Revaluation of investment properties under construction	The IFRIC discussed whether to take on a project to consider whether the revaluation model in IAS 16 is available for investment property under construction. The IFRIC noted that since IAS 40 was written, the use of fair values in accounting has become more widespread. At the same time, valuation techniques have become more robust. The IFRIC therefore considered that the requirement that investment property under construction be accounted for under IAS 16 might no longer be necessary, and agreed to ask the Board whether it would consider amending IAS 40 to state that investment property under construction should be accounted for under that standard. As reported in the October 2006 IASB Update, the Board agreed that, as part of its Annual Improvements project, it would propose amending IAS 16 and IAS 40 to state that investment property under construction should be accounted for under IAS 40. Since the issue was being resolved by the Board, the IFRIC decided not to take the issue onto its agenda. UPDATE: <i>In Improvements to IFRSs issued in May 2008, the IASB amended IAS 40 to state that property that is being constructed or developed for future use as investment property is an example of investment property. IAS 40 therefore applies to such property.</i>	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 16	IAS 16 - Property, Plant and Equipment—Sale of assets held for rental	The IFRIC was asked to provide guidance on the accounting for sales of assets held for rental. Some entities sell assets after renting them out to third parties. In such circumstances, it appears that the asset is manufactured or acquired with a dual intention, to rent it out and to sell it. The issue is whether the sale of such an asset should be presented gross (revenue and costs of sales) or net (gain or loss) in the income statement. The IFRIC noted that IAS 16 paragraph 68 states that gains arising from derecognition of an item of property, plant and equipment shall not be classified as revenue. Also, when the asset is classified as held for sale under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 5 paragraph 24 refers to the derecognition requirements of paragraphs 67-72 of IAS 16, thereby confirming that gains should not be classified as revenue. However, some believed that, in some limited circumstances, reporting gross revenue in the income statement would be consistent with the Framework paragraph 72, with IAS 18 Revenue, IAS 2 Inventories, and IAS 40 Investment Properties and with the prohibition on offsets in IAS 1 Presentation of Financial Statements. For this reason, the IFRIC decided to draw the issue to the attention of the Board and not to take the item on to its own agenda. UPDATE: <i>In Improvements to IFRSs issued in May 2008, the IASB amended IAS 16 adding paragraph 68A. Paragraph 68A states "an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets shall be recognised as revenue in accordance with IAS 18 Revenue. IFRS 5 does not apply when assets that are held for sale in the ordinary course of business are transferred to inventories". Paragraph 69 was also amended and paragraphs BC35A-BC35F were added to the Basis for Conclusions.</i>	May-07
IAS 16	IAS 16 - Property, Plant and Equipment - Disclosure of idle assets and construction in progress	The IFRIC received a request for more guidance on the extent of required disclosures relating to property, plant and equipment temporarily idle or assets under construction when additional construction has been postponed. In accordance with 74(b) of IAS 16, an entity is required to disclose the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction. Paragraph 79(a) encourages an entity to disclose the amount of property, plant and equipment that is temporarily idle. The IFRIC also noted that paragraph 112(c) of IAS 1 requires an entity to provide in the notes information that is not presented elsewhere in the financial statements that is relevant to their understanding. The IFRIC noted that disclosure regarding idle assets might be particularly relevant in the current economic environment. Consequently, the IFRIC expected that entities would provide information in addition to that specifically required by IAS 16 whenever idle assets or postponed construction projects become significant. Given the requirements of IAS 16 and IAS 1, the IFRIC did not expect significant diversity in practice and decided not to add this issue to its agenda. However, the IFRIC recommended that the Board should undertake a review of all disclosures encouraged (but not required) by the IFRSs with the objective of either confirming that they are required or eliminating them.	May-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 16	IAS 16 Property, Plant and Equipment— revaluation model and proportionate restatement	The Interpretations Committee received a request to address a concern arising from the use of the revaluation method. More specifically, the concern relates to the guidance in paragraph 35(a) of IAS 16 relating to the computation of the accumulated depreciation at the date of the revaluation. The Committee noted that requiring that the accumulated depreciation and the gross carrying amount to be restated proportionately when applying paragraph 35(a) of IAS 16 does not accommodate the effects of past revisions to residual value, useful life or depreciation method. The Committee also noted that paragraph 80(a) of IAS 38 Intangible Assets contains the same requirements. Consequently, the Committee decided to recommend that the Board should amend paragraph 35(a) of IAS 16 and paragraph 80(a) of IAS 38 through Annual Improvements to reflect the fact that restatement of the accumulated depreciation is not always proportionate to the change in the gross carrying amount of the asset.	May-11
IAS 16	IAS 16 - Property, Plant and Equipment - cost of testing	The Interpretations Committee received a request to clarify the accounting for sales proceeds from testing an asset before it is ready for commercial production. The submitted fact pattern is that of an industrial group with several autonomous plants being available for use at different times. This group is subject to regulation that requires it to identify a 'commercial production date' for the whole industrial complex. The question asked of the Committee is whether the proceeds from those plants already in operation can be offset against the costs of testing those plants that are not yet available for use. The Committee noted that paragraph 17(e) of IAS 16 applies separately to each item of property, plant and equipment. It also observed that the 'commercial production date' referred to in the submission for the whole complex was a different concept from the 'available for use' assessment in paragraph 16(b) of IAS 16. The Committee thinks that the guidance in IAS 16 is sufficient to identify the date at which an item of property, plant and equipment is 'available for use' and, therefore, is sufficient to distinguish proceeds that reduce costs of testing an asset from revenue from commercial production. As a result, the Committee does not expect diversity to arise in practice and therefore decided not to add this issue to its agenda.	July-11
IAS 16	IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets and IAS 17 Leases— Purchase of right to use land	In January 2012, the Interpretations Committee received a request to clarify whether the purchase of a right to use land should be accounted for as a: • purchase of property, plant and equipment; • purchase of an intangible asset; or • lease of land. In the fact pattern submitted, the laws and regulations in the jurisdiction concerned do not permit entities to own freehold title to land. Instead, entities can purchase the right to exploit or build on land. According to the submitter, there is diversity in practice in the jurisdiction on how to account for a land right. The Interpretations Committee identified characteristics of a lease in the fact pattern considered, in accordance with the definition of a lease as defined in IAS 17. The Interpretations Committee noted that a lease could be indefinite via extensions or renewals	Sep-12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		and, therefore, the existence of an indefinite period does not prevent the 'right to use' from qualifying as a lease in accordance with IAS 17. The Interpretations Committee also noted that the lessee has the option to renew the right and that the useful life for depreciation purposes might include renewal periods. Judgement will need to be applied in making the assessment of the appropriate length of the depreciation period. The Interpretations Committee, notwithstanding the preceding observations, noted that the particular fact pattern is specific to one jurisdiction. Consequently, the Interpretations Committee decided not to take this issue onto its agenda.	
IAS 16	IAS 16 Property, Plant and Equipment—disclosure of carrying amounts under the cost model	The Interpretations Committee received a request for clarification about IAS 16. The submission relates to whether an entity is required to reflect the capitalisation of borrowing costs to meet the disclosure requirement in paragraph 77(e) of IAS 16 for assets stated at revalued amounts for which borrowing costs are not capitalised in accordance with paragraph 4(a) of IAS 23 Borrowing Costs. The submitter asserted that the capitalisation of borrowing costs for these assets to meet disclosure requirements is burdensome and suggested that it should not be a requirement of IAS 16 to capitalise these costs. The Interpretations Committee noted that the requirements in paragraph 77(e) of IAS 16 are clear. This paragraph requires an entity to disclose the amount at which assets stated at revalued amounts would have been stated at had those assets been carried under the cost model. The amount to be disclosed includes borrowing costs capitalised in accordance with IAS 23. The Interpretations Committee determined that, in the light of the existing IFRS requirements, neither an Interpretation nor an amendment to a Standard was necessary and consequently decided not to add this issue to its agenda.	May-14
IAS 16	IAS 16 Property, Plant and Equipment and IAS 2 Inventories—Accounting for core inventories	The Interpretations Committee received a request to clarify the accounting for 'core inventories'. The submitter defined core inventories as a minimum amount of material that: (a) is necessary to permit a production facility to start operating and to maintain subsequent production; (b) cannot be physically separated from other inventories; and (c) can be removed only when the production facility is finally decommissioned or is at a considerable financial charge. The issue is whether core inventories should be accounted for under IAS 16 or IAS 2. The Interpretations Committee discussed the issue at its March 2014 meeting and tentatively decided to develop an Interpretation. The Interpretations Committee further directed the staff to define the scope of what is considered to be core inventories and to analyse the applicability of the concept to a range of industries.	Nov-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		At its July 2014 meeting the Interpretations Committee discussed the feedback received from informal consultations with IASB members, the proposed scope of core inventories and the staff analysis of the applicability of the issue to a range of industries. The Interpretations Committee observed that what might constitute core inventories, and how they are accounted for, can vary between industries. The Interpretations Committee noted that significant judgement might be needed in determining the appropriate accounting. Disclosure about such judgements might therefore be needed in accordance with paragraph 122 of IAS 1 Presentation of Financial Statements. The Interpretations Committee noted that it did not have clear evidence that the differences in accounting were caused by differences in how IAS 2 and IAS 16 were being applied. In the absence of such evidence, the Interpretations Committee decided to remove this item from its agenda.	
IAS 16	IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets—Variable payments for asset purchases	The Interpretations Committee received a request to address the accounting for variable payments to be made for the purchase of an item of property, plant and equipment or an intangible asset that is not part of a business combination. The Interpretations Committee observed significant diversity in practice in accounting for these variable payments. It discussed the accounting, both at the date of purchasing the asset and thereafter, for variable payments that depend on the purchaser's future activity as well as those that do not depend on such future activity. The Interpretations Committee was unable to reach a consensus on whether an entity (the purchaser) recognises a liability at the date of purchasing the asset for variable payments that depend on its future activity or, instead, recognises such a liability only when the related activity occurs. The Interpretations Committee was also unable to reach a consensus on how the purchaser measures a liability for such variable payments. In deliberating the accounting for variable payments that depend on the purchaser's future activity, the Interpretations Committee considered the proposed definition of a liability in the May 2015 Exposure Draft <i>The Conceptual Framework for Financial Reporting</i> as well as the deliberations of the Board on its project on leases. The Interpretations Committee observed that, during the Board's deliberations on its project on leases, the Board did not conclude on whether variable payments linked to future performance or use of the underlying asset meet the definition of a liability at commencement of a lease or, instead, meet that definition only at the time that the related performance or use occurs. In addition, the Interpretations Committee noted that there are questions about the accounting for variable payments subsequent to the purchase of the asset. Accordingly, the Interpretations Committee concluded that the Board should address the accounting for variable payments comprehensively. The Interpretations Committee determined that this issue is too broad for it to address within the confines of existing IFRS Standards. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	Mar-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
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IAS 17	IAS 17 - Finance subleases of finance leases	The IFRIC considered a suggestion that IAS 17 needed interpretation when assets obtained under finance leases (e.g., from manufacturers) are in turn leased immediately by intermediaries, in finance leases, to end users. This was because there was a possibility of the intermediaries treating the assets as inventory when received from the manufacturer followed by a sale to the end user. The IFRIC took the view that this was covered adequately by IAS 17's guidance for finance leases (both for the intermediary in its capacity as a lessee and a lessor and for the end user as a lessee) and by the derecognition requirements of IAS 39 (paragraphs 39-42) as they apply to the finance lease liabilities of the intermediary. The IFRIC did not agree with the treatment that had been suggested.	Jun-05
IAS 17	IAS 17 - Recognition of operating lease incentives under SIC-15	The IFRIC considered the appropriate period over which to recognise an incentive for an operating lease, when an incentive is provided and the lease contains a clause that requires rents to be repriced to market rates. Two possible approaches for the period over which to recognise the incentive are: • recognise the incentive over the full term of the operating lease, or • recognise the incentive over the shorter of the lease term and a period ending on a date from which it is expected the prevailing market rentals will be payable. The IFRIC noted that SIC-15.5 requires: the lessee shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset. The IFRIC thought the wording of SIC-15.5 was clear and did not accept an argument that the lease expense of a lessee after an operating lease repriced to market ought to be comparable with the lease expense of an entity entering into a new lease at that same time at market rates. Nor did the IFRIC believe that the repricing of itself would be representative of a change in the time pattern referred to in SIC-15.5. The IFRIC decided not undertake a project to modify SIC-15.	Aug-05

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 17	IAS 17 - Time pattern of user's benefit from an operating lease	The IFRIC was asked to consider the income and expense recognition profile of an operating lease in which the annual payments rise by a fixed annual percentage over the life of the lease. The constituent asked whether it would be acceptable to recognise these increases in each accounting period when they are intended to compensate for expected annual inflation over the lease period. The IFRIC noted that the accounting under IAS 17 for operating leases does not incorporate adjustments to reflect the time value of money, for example by deferring a portion of a level payment to a later period. Rather, IAS 17 requires a straight-line pattern of recognition of income or expense from an operating lease unless another systematic basis is more representative of the time pattern of the user's benefit. The IFRIC noted that recognising income or expense from annual fixed inflators as they arise would not be consistent with the time pattern of the user's benefit. Accordingly, the IFRIC decided not to take this item onto its agenda as it did not expect significant diversity in practice to arise.	Nov-05
IAS 17	IAS 17 - Leases of Land that do not transfer Title to the Lessee	The IFRIC considered whether long leases of land would represent a situation when a lease of land would not normally be classified as an operating lease even though title does not transfer to the lessee. IAS 17 states at paragraph 14 that a characteristic of land is that it normally has an indefinite economic life. If title is not expected to pass to the lessee by the end of the lease term, then the lessee normally does not receive substantially all of the risks and rewards incidental to ownership, in which case the lease will be an operating lease. Even when the land has an indefinite economic life, paragraph 15 states that 'the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term.....' [emphasis added]. The IFRIC noted that leases of land with an indefinite economic life, under which title is not expected to pass to the lessee by the end of the lease term, were classified as operating leases before an amendment to IAS 17 was made in respect of IAS 40 Investment Properties. Specifically, IAS 17 was amended to state that in leases of land that do not transfer title, lessees normally do not receive substantially all the risks and rewards incidental to ownership. Some have understood the introduction of the word 'normally' as implying that a long lease of land in which title would not transfer to the lessee would henceforth be treated as a finance lease, since the time value of money would reduce the residual value to a negligible amount. The IFRIC noted that, as summarised in paragraph BC 8, the Board considered but rejected that approach in relation to the classification of leases of land and buildings, because 'it would conflict with the criteria for lease classification in the Standard, which are based on the extent to which the risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee'. The Board also made clear that it had not made any fundamental changes to the Standard. The IFRIC noted that one example of a lease classification affected by the introduction of the word 'normally' was a lease of land in which the lessor had agreed to pay the lessee the fair value of the property at the end of the lease period. In such	Mar-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		circumstances, significant risks and rewards associated with the land at the end of the lease term would have been transferred to the lessee despite there being no transfer of title. Consequently a lease of land, irrespective of the lease term, is classified as an operating lease unless title is expected to pass to the lessee or significant risks and rewards associated with the land at the end of the lease term pass to the lessee. The IFRIC decided not to add this item to its agenda as, although leases of land that do not transfer title are widespread, the IFRIC has not observed, and does not expect, significant diversity in practice. UPDATE: <i>In Improvements to IFRSs issued in April 2009, the IASB amended IAS 17, and in doing so reversed IFRIC's March 2006 agenda decision. The IASB deleted the requirement in paragraphs 14 and 15 of the Standard to classify a lease of land as an operating lease when title does not pass at the end of the lease (provided the other conditions for finance lease classification are met. For example in the case of a 999-year lease of land and buildings, significant risks and rewards associated with the land during the lease term would have been transferred to the lessee despite there being no transfer of title, and the IASB concluded that accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. A new paragraph 15 A was added, which states "When a lease includes both land and buildings elements, an entity assesses the classification of each element as a finance or an operating lease separately...In determining whether the land element is an operating or a finance lease, an important consideration is that land normally has an indefinite economic life."</i>	
IAS 17	IAS 17 - Recognition of contingent rentals	The IFRIC has been asked to consider whether an estimate of contingent rentals payable/receivable under an operating lease should be included in the total lease payments/lease income to be recognised on a straight-line basis over the lease term. The IFRIC noted that, although the Standard is unclear on this issue, this has not, in general, led to contingent rentals being included in the amount to be recognised on a straight line basis over the lease term. Accordingly, the IFRIC decided not to add this issue to its agenda but to recommend to the Board that IAS 17 be amended to clarify the approach intended by the Standard.	Jul-06
IAS 17	IAS 17 - Sale and leasebacks with repurchase agreements	During the course of developing its Interpretation on service concession arrangements, the IFRIC tentatively concluded that a transaction that took the form of a sale and leaseback should not be accounted for as such if it incorporated a repurchase agreement. The reason was that the seller/lessee retained control of the asset by virtue of the repurchase agreement. Hence, the criteria for recognising a sale in paragraph 14 of IAS 18 Revenue would not be met. However, at its meeting in May 2006 the IFRIC noted that this tentative conclusion would apply more widely than to service concession arrangements and that the matter should be the subject of a separate project. At this meeting, the IFRIC considered whether the conditions for recognition of a sale in paragraph 14 of IAS 18 must be met before a transaction is accounted for as a sale and leaseback transaction under IAS 17. In particular, the IFRIC considered whether transactions that take the form of a sale and leaseback transaction should be accounted for as such when the seller/lessee retains effective control of the leased asset through a repurchase agreement or option.	Mar-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC noted that IAS 17, rather than IAS 18, provides the more specific guidance with respect to sale and leaseback transactions. Consequently, it is not necessary to apply the requirements of paragraph 14 of IAS 18 to sale and leaseback transactions within the scope of IAS 17. However, the IFRIC also noted that IAS 17 applies only to transactions that convey a right to use an asset. SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and IFRIC 4 Determining whether an Arrangement contains a Lease provide guidance on when an arrangement conveys a right of use. If, applying the criteria in SIC-27 and IFRIC 4, an entity determines that an arrangement does not convey a right of use, the transaction is outside the scope of IAS 17 and the sale and leaseback accounting in IAS 17 should not be applied. The IFRIC noted that significantly divergent interpretations do not exist in practice on this issue and that it would not expect such divergent interpretations to emerge. Consequently, the IFRIC decided not to take the issue onto its agenda.	
IAS 17	IAS 17 - Time pattern of the user's benefit	The IFRIC received a request for guidance on the application of paragraphs 33 and 34 of IAS 17, which state that 'For operating leases, lease payments (excluding costs for services such as insurance and maintenance) are recognised as an expense on a straight-line basis unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.' The request asked for guidance on what alternatives to straight-line recognition of lease expense might be appropriate. The IFRIC noted that guidance had previously been requested on this issue, and for the reasons elaborated on below, had not been added to the agenda. The IFRIC noted that IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets require an entity to recognise the use of productive assets using the method that best reflects 'the pattern in which the asset's future economic benefits are expected to be consumed by the entity' (emphasis added). In contrast, IAS 17 refers to the time pattern of the user's benefit. Therefore, any alternative to the straight-line recognition of lease expense under an operating lease must reflect the time pattern of the use of the leased asset. The IFRIC also noted that it did not expect significant diversity in practice regarding the application of this requirement. The IFRIC therefore decided not to add this issue to its agenda.	Sep-08
IAS 17	IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets and IAS 17 Leases—Purchase of right to use land	See above (click on link on left to access)	Sep-12
IAS 17	IAS 17 Leases—meaning of 'incremental costs'	The Interpretations Committee received a request for clarification about IAS 17 Leases. The submission relates to the meaning of 'incremental costs' within the context of IAS 17.	Mar-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The submitter asks whether the salary costs of permanent staff involved in negotiating and arranging new leases qualify as 'incremental costs' within the context of IAS 17 and should therefore be included as initial direct costs in the initial measurement of the finance lease receivable. The Interpretations Committee noted that internal fixed costs do not qualify as 'incremental costs'. Only those costs that would not have been incurred if the entity had not negotiated and arranged a lease should be included in the initial measurement of the finance lease receivable. On the basis of the analysis above, the Interpretations Committee determined that, in the light of the existing IFRS requirements, neither an Interpretation nor an amendment to a Standard was necessary and consequently decided not to add this issue to its agenda.	
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IAS 18	IAS 18 - Subscriber Acquisition Costs in the Telecommunications Industry	Industry The IFRIC considered how a provider of telecommunications services should account for telephone handsets it provides free of charge or at a reduced price to customers who subscribe to service contracts. The question was whether: - the contracts should be treated as comprising two separately identifiable components, i.e. the sale of a telephone and the rendering of telecommunication services, as discussed in paragraph 13 of IAS 18 Revenue. Revenue would be attributed to each component, or - the telephones should be treated as a cost of acquiring the new customer, with no revenue being attributed to them. The IFRIC acknowledged that the question is of widespread relevance, both across the telecommunications industry and, more generally, in other sectors. IAS 18 does not give guidance on what it means by 'separately identifiable components' and practices diverge. However, the IFRIC noted that the terms of subscriber contracts vary widely. Any guidance on accounting for discounted handsets would need to be principles-based to accommodate the diverse range of contract terms that arise in practice. The IASB is at present developing principles for identifying separable components within revenue contracts. In these circumstances, the IFRIC does not believe it could reach a consensus on a timely basis. The IFRIC, therefore, decided not to take the topic onto its agenda.	Mar-06
IAS 18	IAS 18 - Sale and leasebacks with repurchase agreements	During the course of developing its Interpretation on service concession arrangements, the IFRIC tentatively concluded that a transaction that took the form of a sale and leaseback should not be accounted for as such if it incorporated a repurchase agreement. The reason was that the seller/lessee retained control of the asset by virtue of the repurchase agreement. Hence, the criteria for recognising a sale in paragraph 14 of IAS 18 Revenue would not be met.	Mar-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		However, at its meeting in May 2006 the IFRIC noted that this tentative conclusion would apply more widely than to service concession arrangements and that the matter should be the subject of a separate project. At this meeting, the IFRIC considered whether the conditions for recognition of a sale in paragraph 14 of IAS 18 must be met before a transaction is accounted for as a sale and leaseback transaction under IAS 17. In particular, the IFRIC considered whether transactions that take the form of a sale and leaseback transaction should be accounted for as such when the seller/lessee retains effective control of the leased asset through a repurchase agreement or option. The IFRIC noted that IAS 17, rather than IAS 18, provides the more specific guidance with respect to sale and leaseback transactions. Consequently, it is not necessary to apply the requirements of paragraph 14 of IAS 18 to sale and leaseback transactions within the scope of IAS 17. However, the IFRIC also noted that IAS 17 applies only to transactions that convey a right to use an asset. SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and IFRIC 4 Determining whether an Arrangement contains a Lease provide guidance on when an arrangement conveys a right of use. If, applying the criteria in SIC-27 and IFRIC 4, an entity determines that an arrangement does not convey a right of use, the transaction is outside the scope of IAS 17 and the sale and leaseback accounting in IAS 17 should not be applied. The IFRIC noted that significantly divergent interpretations do not exist in practice on this issue and that it would not expect such divergent interpretations to emerge. Consequently, the IFRIC decided not to take the issue onto its agenda.	
IAS 18 / IAS 39	IAS 18 - Gaming transactions	See above (click on link on left to access)	Jul-07
IAS 18	IAS 18 - Guidance on identifying agency relationships	The IFRIC received a request for an interpretation of how IAS 18 Revenue paragraph 8 should be applied to situations in which an entity employs another entity to meet the requirements of a customer under a sales contract. The request questioned whether there is a need for more general interpretative guidance in this area. The IFRIC noted that IAS 18 specifies the accounting for agency relationships. Paragraph 8 states that 'in an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission.' Paragraphs 6 and 18(d) of the Appendix to IAS 18 refer to the substance of the transaction to identify whether the entity is acting as agent or principal. The IFRIC acknowledged that no detailed guidance was given in IFRSs on identifying agency relationships. However, the IFRIC believed that:	Sep-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		- determining whether an entity is acting as a principal or as an agent depends on facts and circumstances and that judgement is required; - any guidance beyond that given in IAS 18 would be more in the nature of implementation guidance than an Interpretation. For these reasons the IFRIC decided not to develop an Interpretation and to remove this item from its agenda. The IFRIC also decided to recommend to the Board that guidance be included in the Appendix to IAS 18 to help constituents to determine whether an entity is acting as a principal or as an agent. UPDATE: <i>In Improvements to IFRSs issued in April 2009, the IASB amended the Appendix to IAS 18, adding guidance on determining whether an entity is acting as a principal or as an agent.</i>	
IAS 18 / IAS 39	IAS 18 - Accounting for trailing commissions	The IFRIC received a request for guidance on how an entity should account for ongoing commission arrangements, referred to as trailing commissions, in the particular circumstances where the contractual obligation for the payment/receipt of the commission is not linked to the performance of any future service. An example of the type of arrangement in question is when a financial adviser directs its client's funds to an investment manager's product. The adviser receives an initial commission for the placement of the business with the investment manager and a further ongoing (trailing) commission provided that the client remains invested in the product for a specified time. The issue focuses on the accounting treatment by the financial adviser to the client. The IFRIC noted that similar arrangements are present in many industries. Consequently, the issue is widespread. In addition, the IFRIC is aware that practice in this area is diverse. Diversity arises in part because of difficulty in determining, considering all relevant circumstances including the terms of the contractual arrangement, whether the entity is required to provide any future service to be entitled to receive the commission. Diversity also arises because IAS 18 and IAS 39 have different recognition criteria and views differ on whether IAS 18 or IAS 39 is the relevant standard. Given the complexity of the issues and the pervasive effect of any conclusions reached, the IFRIC concluded that it would not be able to reach a consensus on a timely basis. The IFRIC also noted that the Board was considering these issues in its projects on revenue recognition and liabilities. The IFRIC therefore decided not to add this issue to its agenda.	Sep-08

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 18	IAS 18 - Receipt of a dividend of equity instruments	The IFRIC received a request for guidance on the recognition as revenue of a dividend in the financial statements of an investor when the dividend is in the form of the investee's own equity instruments. The IFRIC noted that current IFRSs provide guidance on when revenue arising from dividends shall be recognised. The IFRIC noted that when all ordinary shareholders are issued a dividend of an investee's own equity instruments on a pro-rata basis there is no change in the financial position or economic interest of any of the investors. In this situation, in accordance with paragraph 29(a) of IAS 18, the dividend is not recognised as revenue because it is not probable that there is an economic benefit associated with the transaction that will flow to the investor. The IFRIC concluded that any guidance it could provide would be in the form of application guidance. Consequently, the IFRIC decided not to add this issue to its agenda.	Jan-10
IAS 37 / IAS 18 / IAS 39	IAS 18 Revenue, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 39 Financial Instruments: Recognition and Measurement-Regulatory assets and liabilities	See below (click link on left to access)	Nov- 12
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 19	IAS 19 - Determining the appropriate rate to discount post-employment benefit obligations	The IFRIC considered the following question relating to paragraph 78 of IAS 19. If there is no deep market in high quality corporate bonds in a country, may the discount rate for a post-employment benefit obligation be determined by reference to a synthetically constructed equivalent instead of using the yield on government bonds? Paragraph 78 of IAS 19 states that: 'The rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds shall be used...' [Emphasis added] The IFRIC took the view that paragraph 78 is clear that a synthetically constructed equivalent to a high quality corporate bond by reference to the bond market in another country may not be used to determine the discount rate. The IFRIC observed that the reference to 'in a country' could reasonably be read as including high quality corporate bonds that are available in a regional market to which the entity has access, provided that the currency of the regional market and the country were the same (e.g. the Euro). This would not apply if the country currency differed from that of the regional market.	Jun-05
IAS 19/ IAS 32	IAS 32 - Employee long service leave	See below (click link on left to access)	Nov-05
IAS 19	IAS 19 - Special wage tax	The IFRIC was asked to consider whether taxes related to defined benefits, for example taxes payable on contributions to a defined benefit plan or taxes payable on some other measure of the defined benefit, should be treated as part of the defined benefit obligation in accordance with IAS 19 Employee Benefits. The IFRIC noted the following: • Taxes paid by a defined benefit plan are included in the definition in IAS 19 of the return on plan assets. • Income taxes paid by the entity are accounted for in accordance with IAS 12. • The scope of IAS 19 is not restricted to benefits paid to employees. It includes some costs of employee benefits that are not paid to employees. • A wide variety of taxes on pension costs could exist worldwide, each specific to its own jurisdiction, and it is a matter of judgement whether they are income taxes within the scope of IAS 12, costs of employee benefits within the scope of IAS 19, or other costs within the scope of IAS 37 Given the variety of tax arrangements, the IFRIC believed that guidance beyond the above observations could not be developed in a reasonable period of time.	Mar-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC therefore decided not to take the issue onto its agenda.	
IAS 19	IAS 19 - Curtailments and negative past service cost	The IFRIC was asked whether plan amendments that reduce benefits should be accounted for as curtailments or as negative past service costs. The submission noted that materially divergent practice could result because of the different recognition requirements for curtailments and negative past service cost. The IFRIC noted that the Basis for Conclusions on IAS 19 indicates that IASC was aware of the ambiguity in distinguishing between negative past service costs and curtailments, but decided that the issue arose too rarely to justify the complexity that a more detailed requirement would produce. However, since the issue was becoming more prevalent and divergent practices were developing, the IFRIC believed that the issue should be addressed. The IFRIC observed that there would be limited benefit in taking this issue on to its agenda because the Board was currently engaged in a post-employment benefits project. The IFRIC therefore decided not to take the issue on to its agenda, but to refer it to the Board for consideration. UPDATE: <i>In Improvements to IFRSs issued in May 2008, the IASB made the distinction between curtailments and negative past service costs clearer. In particular, the IASB clarified how a reduction in the extent to which future salary increases are linked to the benefits payable for past service should be treated.</i>	May-07
IAS 19	IAS 19 - Post-employment benefits—Benefit allocation for defined benefit plans	IAS 19 Employee Benefits requires entities to attribute the benefit in defined benefit plans to periods of service in accordance with the benefit formula, unless the benefit formula would result in a materially higher level of benefit allocated to future years. In that case, the entity allocates the benefit on a straight-line basis (paragraph 67 of IAS 19). The IFRIC had previously considered whether entities should take into account expected increases in salary in determining whether a benefit formula expressed in terms of current salary allocates a materially higher level of benefit in later years. The IFRIC considered this issue as part of its deliberations leading to Draft IFRIC Interpretation D9 Employee Benefits with a Promised Return on Contributions or Notional Contributions. However, the IFRIC suspended work on this project until it could see what implications might be drawn from the Board's deliberations in its project on post-employment benefits. The IFRIC noted that the Board will not address this issue for all defined benefit plans in phase 1 of its project on post-employment benefits. However, the IFRIC noted that it would be difficult to address this issue while the Board had an ongoing project that addressed the issue for some defined benefit plans. The IFRIC decided to remove this issue from its agenda.	Sep-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 19	IAS 19 - Changes to a plan caused by government	The IFRIC was asked to provide guidance on accounting for the effects of a change to a defined benefit plan resulting from action by a government. The IFRIC noted that IAS 19 already provides guidance on whether the identity of the originator of the change affects the accounting. Paragraph 55 of the basis for conclusions on IAS 19 explains the IASC Board's decision to reject the proposal that 'past service cost should not be recognised immediately if the past service cost results from legislative changes (such as a new requirement to equalise retirement ages for men and women) or from decisions by trustees who are not controlled, or influenced, by the entity's management'. In other words, the IASC did not believe that the source of the change should affect the accounting. Therefore, the accounting for changes caused by government should be the same as for changes made by an employer. The IFRIC acknowledged that, in some circumstances, it might be difficult to determine whether the change affects either actuarial assumptions or benefits payable and noted that judgement is required. The IFRIC also noted that any guidance beyond that given in IAS 19 would be more in the nature of application guidance than an Interpretation.	Nov-07
IAS 19	IAS 19 - Treatment of employee contributions	The IFRIC received a request to clarify the treatment of employee contributions in accordance with IAS 19. The first issue is how employee contributions should be accounted for in general. The second issue is how to account for a pension plan in which the cost of providing the benefits is shared between the employees and the employer. On the first issue, the IFRIC noted that paragraph 7 of IAS 19 defines current service cost and that paragraph 120A of IAS 19 implies that contributions by employees to the ongoing cost of the plan reduce the current service cost to the entity. The IFRIC also noted that in accordance with paragraph 91 of IAS 19, employee contributions payable when benefits are paid, such as contributions to a post-employment healthcare plan, are to be taken into account in determining the defined benefit obligation. On the second issue, the IFRIC noted that paragraph 85 of IAS 19 states that 'If the formal terms of a plan (or a constructive obligation that goes beyond those terms) require an entity to change benefits in future periods, the measurement of the obligation reflects those changes.' Therefore, the IFRIC noted that: 1) if the terms of a defined benefit plan include surplus-sharing provisions, the employer's obligation to use any surplus in the plan for the benefit of plan participants (eg adjusting participants' benefits) should be considered when measuring its obligation. 2) if the terms of a defined benefit plan include cost-sharing provisions, the requirement for employees to make contributions to reduce or eliminate an existing deficit should be considered when measuring the employer's obligation. For these reasons, and because the IFRIC did not expect divergence in practice, the IFRIC decided not to take this item on to the agenda.	Nov-07
IAS 19	IAS 19 - 'Death in service' benefits	An entity may provide payments to employees if they die while employed ('death in service' benefits). If these benefits are provided as part of a defined benefit plan, IAS 19 requires them to be attributed to periods of service using the Projected Unit Credit Method. The IFRIC received a request for guidance as to how an entity should attribute these benefits to periods of service. The request noted that different treatments existed in practice.	Jan-08

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC noted that paragraph 67(b) of IAS 19 requires attribution of the cost of the benefits until the date “when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.” In the case of death in service benefits, the IFRIC noted that: - the anticipated date of death would be the date at which no material amount of further benefit would arise from the plan; - using different mortality assumptions for a defined benefit pension plan and an associated death in service benefit would not comply with the requirement in paragraph 72 of IAS 19 to use actuarial assumptions that are mutually compatible; and - if the conditions in paragraph 39 of IAS 19 were met then accounting for death in service benefits on a defined contribution basis would be appropriate. The IFRIC concluded that divergence in this area was unlikely to be significant. In addition, any further guidance that it could issue would be application guidance on the use of the Projected Unit Credit Method. The IFRIC therefore decided not to add this item to the agenda.	
IAS 19	IAS 19 - Definition of plan assets	The IFRIC received a request for guidance on the accounting for investment or insurance policies that are issued by an entity to a pension plan covering its own employees (or the employees of an entity that is consolidated in the same group as the entity issuing the policy). The request asked for guidance on whether such policies would be part of plan assets in the consolidated and separate financial statements of the sponsor. The IFRIC noted the definitions of plan assets, assets held by a long-term employee benefit fund and a qualifying insurance policy in IAS 19 paragraph 7. The IFRIC noted that, if a policy was issued by a group company to the employee benefit fund then the treatment would depend upon whether the policy was a 'non-transferable financial instrument issued by the reporting entity'. Since the policy was issued by a related party, it could not meet the definition of a qualifying insurance policy. The IFRIC considered that the issue was too narrow in scope to develop an Interpretation and decided not to add the issue to its agenda.	Jan-08
IAS 19	IAS 19 - pension promises based on performance hurdles	The IFRIC received a request to clarify the measurement of the defined benefit obligation when pension promises are based on achieving specific performance targets. Performance targets may relate to various forms of pension promises ranging from additional pensionable earnings from performance bonuses to more complex arrangements relating to additional sponsor contributions or years of deemed service. The issue is how defined benefit plans with such features should be accounted for in accordance with IAS 19. The IFRIC noted that paragraph 73 of IAS 19 states that 'Actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits.' Performance targets are variables that will affect the ultimate cost of providing the post-employment benefits. They should therefore be included in the determination of the benefit.	Jan-08

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC also noted that paragraph 67 of IAS 19 requires benefits to be attributed to periods of service according to the benefit formula, unless an employee's service in later years will lead to a materially higher level of benefit than in earlier years. When benefits are affected by performance hurdles, the effect on the attribution of benefits must also be considered. Given the requirements in IAS 19, the IFRIC did not expect divergence in practice and decided not to add the issue to its agenda.	
IAS 19	IAS 19 - settlements	The IFRIC received a request to clarify whether some payments of benefits under a defined benefit plan are settlements as defined in IAS 19. The payments in question arise when an existing plan gives plan members the option to choose to receive a lump sum payment at retirement instead of ongoing payments. The IFRIC noted that events that are covered by the actuarial assumptions underlying the measurement of the defined benefit obligation are not treated as settlements under IAS 19. The IFRIC decided not to add the issue to its agenda because there was little diversity in practice.	May-08
IAS 19	IAS 19 Employee Benefits – Accounting for a statutory employee profit-sharing arrangement	The Committee received a request for clarification of the accounting for a statutory employee profit-sharing arrangement that requires an entity to share 10 per cent of profit, calculated in accordance with tax law (subject to specific exceptions), with employees. The Committee noted that although such a statutory employee profit sharing arrangement calculates amounts to be payable to employees in accordance with tax law, it meets the definition of an employee benefit and is in the scope of IAS 19. Therefore, the employee profit-sharing arrangement described in the request should not be accounted for by analogy to IAS 12 Income Taxes or IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Committee observed that the objective of IAS 19 is to record compensation expenses only when the employee has provided the related service. Consequently, an entity should not recognise an asset or liability related to future expected reversals of differences between taxable profit and accounting profit in connection with such an employee profit-sharing arrangement. The Committee noted that the statutory employee profit-sharing arrangement described in the request should be accounted for in accordance with IAS 19, and that IAS 19 provides sufficient guidance on amounts that should be recognised and measured, with the result that significantly divergent interpretations are not expected in practice. Consequently, the Committee decided not to add this issue to its agenda.	Nov-10
IAS 19	IAS 19 Employee Benefits—defined contribution plans with vesting conditions	The Interpretations Committee received a request seeking clarification on the effect that vesting conditions have on the accounting for defined contribution plans. The Committee was asked whether contributions to such plans should be recognised as an expense in the period for which they are paid or over the vesting period. In the examples given in the submission, the employee's failure to meet a vesting condition could result in the refund of contributions to, or reductions in future contributions by, the employer. The Committee noted from the definition of a defined contribution plan in paragraph 7 of IAS 19 and the explanation in paragraph BC5 of IAS 19 that vesting conditions do not affect the classification of a plan as a defined contribution plan if the employer is not required to make additional contributions to cover shortfalls because of these vesting conditions. In addition, the Committee noted from the guidance in paragraph 43 of IAS 19 that accounting for defined contribution plans is based on accounting for the reporting entity's obligation to pay contributions to the separate entity that runs the plan, but not accounting for the obligation to the employees who benefit from the plan. As such, the Committee noted that accounting for defined contribution plans under IAS 19	July-11

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		focuses on the employer's obligation to make a contribution to the separate entity that runs the plan. Consequently, paragraph 44 of IAS 19 requires, and paragraph IN5 of IAS 19 explains, that each contribution to a defined contribution plan is to be recognised as an expense or recognised as a liability (accrued expense) over the period of service that obliges the employer to pay this contribution to the defined contribution plan. This period of service is distinguished from the period of service that entitles an employee to receive the benefit from the defined contribution plan (ie the vesting period), although both periods may be coincident in some circumstances. Refunds are recognised as an asset and as income when the entity/employer becomes entitled to the refunds, eg when the employee fails to meet the vesting condition. The Committee noted that there is no significant diversity in practice in respect of the effect that vesting conditions have on the accounting for defined contribution post-employment benefit plans, nor does it expect significant diversity in practice to emerge in the future. Consequently, the Committee decided not to add this issue to its agenda.	
IAS 19	IAS 19 Employee Benefits—Applying the definition of termination benefits to 'Altersteilzeit' plans	The Interpretations Committee received a request for guidance regarding the application of IAS 19 (2011) to 'Altersteilzeit' plans (ATZ plans) in Germany. ATZ plans are early retirement programmes designed to create an incentive for employees within a certain age group to smooth the transition from (full- or part-time) employment into retirement before the employees' legal retirement age. ATZ plans offer bonus payments to employees in exchange for a 50 per cent reduction in working hours. Their employment is terminated at the end of a required service period. The bonus payments are wholly conditional on the completion of the required service period. If employment ends before the required service is provided, the employees do not receive the bonus payments. ATZ plans typically operate over a period of one to six years. Eligibility for the benefit would be on the basis of the employee's age but would also typically include a past service requirement. IAS 19 (2011) was the result of revisions issued in 2011 to IAS 19. These revisions, among other things, amended the guidance relating to termination benefits. Paragraph 8 of IAS 19 (2011) defines termination benefits as 'employee benefits provided in exchange for the termination of an employee's employment as a result of either: • an entity's decision to terminate an employee's employment before the normal retirement date; or • an employee's decision to accept an offer of benefits in exchange for the termination of employment.' The Committee observed that ATZ plans have attributes of both required service and termination benefits. The Committee noted that the distinction between benefits provided in exchange for services and termination benefits should be based on: • all the relevant facts and circumstances for each individual entity's offer of benefits under the plan considered; • the indicators provided in paragraph 162 of IAS 19 (2011); and • the definitions of the different categories of employee benefits in IAS 19 (2011).	Jan-12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee noted that, in the fact pattern described above, consistently with paragraph 162(a) of IAS 19 (2011), the fact that the bonus payments are wholly conditional upon completion of an employee service over a period indicates that the benefits are in exchange for that service. They therefore do not meet the definition of termination benefits. On the basis of the analysis described above, the Committee decided not to add the issue to its agenda.	
IAS 19	IAS 19 - Employee Benefits—Accounting for contribution-based promises: impact of the 2011 amendments to IAS 19	The Interpretations Committee received a request for clarification about the accounting in accordance with IAS 19 (2011) for contribution-based promises. An underlying concern in the submission was whether the revisions to IAS 19 in 2011 that, for example, clarified the treatment of risk-sharing features related to defined benefit obligations, affect the accounting for contribution-based promises. The Interpretations Committee noted that the 2011 amendments to IAS 19 clarified the treatment of risk-sharing features (described in paragraph BC144 as features that share the benefit of a surplus or the cost of a deficit between the employer and the plan participants or benefit plans that provide benefits that are conditional to some extent on whether there are sufficient assets in the plan to fund them). The Interpretations Committee noted that the IASB did not intend to address elements specific to contribution-based promises in the amendments. Accordingly, the Interpretations Committee does not expect the 2011 amendments to cause changes to the accounting for contribution-based promises unless such promises also include elements of risk sharing arrangements between employees and employers. Finally, the Interpretations Committee noted that the IASB expressed, in paragraph BC148 of the revised Standard, that addressing concerns about the measurement of contribution-based promises and similar promises was beyond the scope of the 2011 amendments. On the basis of the analysis described above, the Interpretations Committee decided not to add the issue to its agenda. It is, however, working towards proposals to address the accounting for contribution-based promises.	Sep-12
IAS 19/ IFRIC 14	IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction—Stable workforce assumption	See below (click link on left to access)	Nov-08
IAS 19/ IFRIC 14	IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction—Voluntary prepayments	See below (click link on left to access)	May-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 19	IAS 19 Employee Benefits—pre-tax or post-tax discount rate	The Interpretations Committee received a request for guidance on the calculation of defined benefit obligations. In particular, the submitter asked the Interpretations Committee to clarify whether, in accordance with IAS 19 Employee Benefits (2011), the discount rate used to calculate a defined benefit obligation should be a pre-tax or post-tax rate. The tax regime in the jurisdiction of the submitter can be summarised as follows: a. the entity receives a tax deduction for contributions that are made to the plan; b. the plan pays tax on the contributions received and on the investment income earned; but c. the plan does not receive a tax deduction for the benefits paid. The Interpretations Committee noted that: a. paragraph 76(b)(iv) of IAS 19 (2011) mentions only taxes on contributions and benefits payable within the context of measuring the defined benefit obligation; b. paragraph 130 of IAS 19 (2011) states that: —in determining the return on plan assets, an entity deducts the costs of managing the plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the defined benefit obligation; and c. according to paragraph BC130 of IAS 19 (2011) the measurement of the obligation should be independent of the measurement of any plan assets actually held by a plan. Consequently, the Interpretations Committee observed that the discount rate used to calculate a defined benefit obligation should be a pre-tax discount rate. On the basis of the analysis above the Interpretations Committee decided not to add this issue to its agenda.	July-13
IAS 19	IAS 19 Employee Benefit—Actuarial assumptions: discount rate	The Interpretations Committee discussed a request for guidance on the determination of the rate used to discount post-employment benefit obligations. The submitter stated that: a. according to paragraph 83 of IAS 19 Employee Benefits (2011) the discount rate should be determined by reference to market yields at the end of the reporting period on “high quality corporate bonds” (HQCB); b. IAS 19 does not specify which corporate bonds qualify to be HQCB; c. according to prevailing past practice, listed corporate bonds have usually been considered to be HQCB if they receive one of the two highest ratings given by a recognised rating agency (eg ‘AAA’ and ‘AA’); and	Nov-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		d. because of the financial crisis, the number of corporate bonds rated 'AAA' or 'AA' has decreased in proportions that the submitter considers significant. In the light of the points above, the submitter asked the Interpretations Committee whether corporate bonds with a rating lower than 'AA' can be considered to be HQCB. The Interpretations Committee observed that IAS 19 does not specify how to determine the market yields on HQCB, and in particular what grade of bonds should be designated as high quality. The Interpretations Committee considers that an entity should take into account the guidance in paragraphs 84 and 85 of IAS 19 (2011) in determining what corporate bonds can be considered to be HQCB. Paragraphs 84 and 85 of IAS 19 (2011) state that the discount rate: a. reflects the time value of money but not the actuarial or investment risk; b. does not reflect the entity-specific credit risk; c. does not reflect the risk that future experience may differ from actuarial assumptions; and d. reflects the currency and the estimated timing of benefit payments. The Interpretations Committee further noted that 'high quality' as used in paragraph 83 of IAS 19 reflects an absolute concept of credit quality and not a concept of credit quality that is relative to a given population of corporate bonds, which would be the case, for example, if the paragraph used the term 'the highest quality'. Consequently, the Interpretations Committee observed that the concept of high quality should not change over time. Accordingly, a reduction in the number of HQCB should not result in a change to the concept of high quality. The Interpretations Committee does not expect that an entity's methods and techniques used for determining the discount rate so as to reflect the yields on HQCB will change significantly from period to period. Paragraphs 83 and 86 of IAS 19, respectively, contain requirements if the market in HQCB is no longer deep or if the market remains deep overall, but there is an insufficient number of HQCB beyond a certain maturity. The Interpretations Committee also noted that: a. paragraphs 144 and 145 of IAS 19 (2011) require an entity to disclose the significant actuarial assumptions used to determine the present value of the defined benefit obligation and a sensitivity analysis for each significant actuarial assumption; b. the discount rate is typically a significant actuarial assumption; and c. an entity shall disclose the judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements in accordance with paragraph 122 of IAS 1 Presentation of Financial Statements; typically the identification of the HQCB population	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		used as a basis to determine the discount rate requires the use of judgement, which may often have a significant effect on the entity's financial statements. The Interpretations Committee discussed this issue in several meetings and noted that issuing additional guidance on, or changing the requirements for, the determination of the discount rate would be too broad for it to address in an efficient manner. The Interpretations Committee therefore recommends that this issue should be addressed in the IASB's research project on discount rates. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 19	IAS 19 Employee Benefits—employee benefit plans with a guaranteed return on contributions or notional contributions	The Interpretations Committee observed that the accounting for the plans that fall within the scope of the project is an important issue. These plans are part of a growing range of plan designs that incorporate features that were not envisaged when IAS 19 was first developed. The accounting for these plans in accordance with IAS 19 is problematic and has resulted in diversity in practice. The Interpretations Committee attempted to develop a solution to improve the financial reporting for such plans. However, it was unable to reach a consensus in identifying a suitable scope for an amendment that would both: a) improve the accounting for a sufficient population of plans such that the benefits would exceed the costs; and b) limit any unintended consequences that would arise from making an arbitrary distinction between otherwise similar plans. In the Interpretations Committee's view, developing accounting requirements for these plans would be better addressed by a broader consideration of accounting for employee benefits, potentially through the research agenda of the IASB. The Interpretations Committee acknowledged that reducing diversity in practice in the short term would be beneficial. However, because of the difficulties encountered in progressing the issues, the Interpretations Committee decided to remove the project from its agenda. The Interpretations Committee notes the importance of this issue because of the increasing use of these plans. Consequently, the Interpretations Committee would welcome progress on the IASB's research project on post-employment benefits.	May-14
IAS 19	IAS 19 Employee Benefits—Should longevity swaps held under a defined benefit plan be measured as a plan asset at fair value or on another basis as a 'qualifying insurance policy'?	The Interpretations Committee received a request to clarify the measurement of longevity swaps held under an entity's defined benefit pension plan. The submitter raised a question about whether an entity should: (a) account for a longevity swap as a single instrument and measure its fair value as part of plan assets in accordance with paragraphs 8 and 113 of IAS 19 and IFRS 13 Fair Value Measurement, with changes in fair value being recorded in other comprehensive income; or (b) split a longevity swap into two components and use another basis of measurement for a qualifying insurance policy for one of the components, applying paragraph 115 of IAS 19. The submitter also raised questions about presentation if the measurement in criterion (b) were to be used. The outreach did not provide evidence that the use of longevity swaps is widespread. The Interpretations Committee understands that when such	Mar-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		transactions take place, the predominant practice is to account for a longevity swap as a single instrument, and measure it at fair value as part of plan assets, by applying paragraphs 8 and 113 of IAS 19 and IFRS 13. On the basis of this analysis, the Interpretations Committee concluded that it did not expect diversity to develop in the application of IAS 19 and it therefore decided not to add this issue to its agenda.	
IAS 19	IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Should an entity assume continuation of a minimum funding requirement for contributions relating to future service?	See below (click left to access)	Jul-15
IAS 19	IAS 19 Employee Benefits—Discount rate in a country that has adopted another country's currency (Agenda Paper 6B)	The Committee received a request to clarify how an entity determines the rate used to discount post-employment benefit obligations (discount rate) in a country (Ecuador) that has adopted another currency as its official or legal currency (the US dollar). The entity's post-employment benefit obligation is denominated in US dollars. The submitter says there is no deep market for high quality corporate bonds denominated in US dollars in the country in which the entity operates (Ecuador). The submitter asked whether, in that situation, the entity considers the depth of the market in high quality corporate bonds denominated in US dollars in other markets or countries in which those bonds are issued (for example, the United States). If there is no deep market in high quality corporate bonds denominated in US dollars, IAS 19 requires the entity to use the market yield on government bonds denominated in US dollars when determining the discount rate. The submitter asked whether the entity can use market yields on bonds denominated in US dollars issued by the Ecuadorian government, or whether instead the entity is required to use market yields on bonds denominated in US dollars issued by a government in another market or country. The Committee observed, applying paragraph 83 of IAS 19, that: an entity with post-employment benefit obligations denominated in a particular currency assesses the depth of the market in high quality corporate bonds denominated in that currency. This means that the entity does not limit this assessment to the market or country in which it operates, but also considers other markets or countries in which high quality corporate bonds denominated in that currency are issued.	Jun-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		- if there is a deep market in high quality corporate bonds denominated in that currency, the entity determines the discount rate by reference to market yields on high quality corporate bonds at the end of the reporting period. It does so even if there is no deep market in such bonds in the market or country in which the entity operates. In this situation, the entity does not use market yields on government bonds to determine the discount rate. - if there is no deep market in high quality corporate bonds denominated in that currency, the entity determines the discount rate using market yields on government bonds denominated in that currency. - the entity applies judgement to determine the appropriate population of high quality corporate bonds or government bonds to reference when determining the discount rate. The currency and term of the bonds should be consistent with the currency and estimated term of the post-employment benefit obligations. The Committee noted that the discount rate does not reflect the expected return on plan assets. Paragraph BC130 of IAS 19 says that the measurement of the obligation should be independent of the measurement of any plan assets actually held by a plan. In addition, the Committee considered the interaction between the requirements in paragraphs 75 and 83 of IAS 19. Paragraph 75 of IAS 19 requires actuarial assumptions to be mutually compatible. The Committee concluded that it is not possible to assess whether, and to what extent, a discount rate derived by applying the requirements in paragraph 83 of IAS 19 is compatible with other actuarial assumptions. Accordingly, the entity applies the requirements in paragraph 83 of IAS 19 when it determines the discount rate. The Committee concluded that the requirements in IAS 19 provide an adequate basis for an entity to determine the discount rate when the entity operates in a country that has adopted another currency as its official or legal currency. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IAS 19	Effect of a Potential Discount on a Plan Classification	The Committee received a request about the classification of a post-employment benefit plan applying IAS 19. In the fact pattern described in the request, an entity sponsors a post-employment benefit plan that is administered by a third party. The relevant terms and conditions of the plan are as follows: (a) the entity has an obligation to pay fixed annual contributions to the plan. The entity has determined that it will have no legal or constructive obligation to pay further contributions if the plan does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. (b) the entity is entitled to a potential discount on its annual contributions. The discount arises if the ratio of plan assets to plan liabilities exceeds a set level. Thus, any discount might be affected by actuarial assumptions and the return on plan assets. The request asked whether, applying IAS 19, the existence of a right to a potential discount would result in a defined benefit plan classification.	Jun-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph 8 of IAS 19 defines defined contribution plans as 'post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods'. Defined benefit plans are 'post-employment benefit plans other than defined contribution plans'. Paragraphs 27–30 of IAS 19 specify requirements relating to the classification of postemployment benefit plans as either defined contribution plans or defined benefit plans. Paragraph 27 states that 'post-employment benefit plans are classified as either defined contribution or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions'. The Committee therefore noted the importance of assessing all relevant terms and conditions of a post-employment benefit plan, as well as any informal practices that might give rise to a constructive obligation, in classifying the plan. That assessment would identify whether: c) the entity's legal or constructive obligation towards employees is limited to the amount that it agrees to contribute to the fund (a defined contribution plan as described in paragraph 28); or d) the entity has an obligation to provide the agreed benefits to current and former employees (a defined benefit plan as described in paragraph 30). The Committee noted that, in the fact pattern described in the request, assessing the relevant terms and conditions of the plan would include, for example, assessing (a) the manner and frequency in which annual contributions and any potential discount (including the target ratio) are determined; and (b) whether the manner and frequency of determining the contributions and any discount transfers actuarial risk and investment risk (as described in IAS 19) to the entity. The Committee observed that, to meet the definition of a defined contribution plan, an entity must (a) have an obligation towards employees to pay fixed contributions into a fund; and (b) not be obliged to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods. For example, there should be no possibility that future contributions could be set to cover shortfalls in funding employee benefits relating to employee service in the current and prior periods. The Committee also observed that paragraphs 28 and 30 of IAS 19 specify that, under defined contribution plans, actuarial risk and investment risk fall in substance on the employee whereas, under defined benefit plans, those risks fall in substance on the entity. Paragraphs 28 and 30 describe (a) actuarial risk as the risk that benefits will cost the entity more than expected or will be less than expected for the employee; and (b) investment risk as the risk that assets invested will be insufficient to meet expected benefits. Paragraph BC29 of IAS 19 explains that the definition of defined contribution plans does not exclude the upside potential that the cost to the entity may be less than expected. Consequently, the Committee concluded that, applying IAS 19, the existence of a right to a potential discount would not in itself result in classifying a post-employment benefit plan as a defined benefit plan. Nonetheless, the Committee reiterated the	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		importance of assessing all relevant terms and conditions of a plan, as well as any informal practices that might give rise to a constructive obligation, in classifying the plan. The Committee noted that, applying paragraph 122 of IAS 1 Presentation of Financial Statements, an entity would disclose the judgements that its management has made regarding the classification of post-employment benefit plans, if those are part of the judgements that had the most significant effect on the amounts recognised in the financial statements. The Committee concluded that the requirements in IAS 19 provide an adequate basis for an entity to determine the classification of a post-employment benefit plan as a defined contribution plan or a defined benefit plan. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IAS 19	Attributing Benefit to Periods of Service	The Committee received a request about the periods of service to which an entity attributes benefit for a particular defined benefit plan. Under the terms of the plan: a) employees are entitled to a lump sum benefit payment when they reach a specified retirement age provided they are employed by the entity when they reach that retirement age; and b) the amount of the retirement benefit to which an employee is entitled depends on the length of employee service with the entity before the retirement age and is capped at a specified number of consecutive years of service. To illustrate the fact pattern described in the request, assume an entity sponsors a defined benefit plan for its employees. Under the terms of the plan: a) employees are entitled to a retirement benefit only when they reach the retirement age of 62 provided they are employed by the entity when they reach that retirement age; b) the amount of the retirement benefit is calculated as one month of final salary for each year of service with the entity before the retirement age; c) the retirement benefit is capped at 16 years of service (that is, the maximum retirement benefit to which an employee is entitled is 16 months of final salary); and d) the retirement benefit is calculated using only the number of consecutive years of employee service with the entity immediately before the retirement age. Paragraphs 70–74 of IAS 19 require an entity to attribute benefit to periods of service under the plan's benefit formula from the date when employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits under the plan. Paragraph 71 requires an entity to attribute benefit to periods in which the obligation to provide post-employment benefits arises. That paragraph also specifies that the obligation arises as employees render services in return for post-employment benefits an entity expects to pay in future reporting periods. Paragraph 72 specifies that employee service before the vesting date gives rise to a constructive obligation because, at the end of each successive reporting period, the amount of future service an employee will have to render before becoming entitled to the benefit is reduced. For the defined benefit plan illustrated in this agenda decision:	May-21

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) if an employee joins the entity before the age of 46 (that is, there are more than 16 years before the employee's retirement age), any service the employee renders before the age of 46 does not lead to benefits under the plan. Employee service before the age of 46 affects neither the timing nor the amount of the retirement benefit. Accordingly, the entity's obligation to provide the retirement benefit arises for employee service rendered only from the age of 46. b) if an employee joins the entity on or after the age of 46, any service the employee renders leads to benefits under the plan. Employee service rendered from the date of employment affects the amount of the retirement benefit. Accordingly, the entity's obligation to provide the retirement benefit arises from the date the employee first renders service. Paragraph 73 of IAS 19 specifies that an entity's obligation increases until the date when further service by the employee will lead to no material amount of further benefits under the plan. The Committee observed that: a) each year of service between the age of 46 and the age of 62 leads to further benefits because service rendered in each of those years reduces the amount of future service an employee will have to render before becoming entitled to the retirement benefit. b) an employee will receive no material amount of further benefits from the age of 62, regardless of the age at which the employee joins the entity. The entity therefore attributes retirement benefit only until the age of 62. Consequently, for the defined benefit plan illustrated in this agenda decision, the Committee concluded that the entity attributes retirement benefit to each year in which an employee renders service from the age of 46 to the age of 62 (or, if employment commences on or after the age of 46, from the date the employee first renders service to the age of 62). The Committee's conclusion aligns with the outcome set out in the first part of Example 2 illustrating paragraph 73 (that is, for employees who join before the age of 35), which is part of IAS 19. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine the periods to which retirement benefit is attributed in the fact pattern described in the request. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IAS 19	Homes and Home Loans Provided to Employees	The Committee received a request about how an entity accounts for employee home ownership plans and employee home loans of the types described in two fact patterns. Fact pattern 1: employee home ownership plans An entity provides its employee with a house that the entity constructed and owns. In return, the employee has a proportion of his or her base salary deducted every month until the agreed price of the house has been fully repaid. If the employee leaves employment <i>within</i> the first five years of the arrangement, the employee forfeits his or her rights to the house and recovers the salary deductions to date. If the employee leaves employment <i>after</i> that five-year period, the employee may choose either:	Oct-23

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a. to forfeit his or her rights to the house and recover the salary deductions to date; or b. to keep the house and immediately repay the outstanding balance. Legal title to the house transfers to the employee only when he or she has paid in full the agreed price for the house. Fact pattern 2: employee home loans An entity provides its employee with a loan to buy a house, which the employee chooses and purchases and the entity does not own. The entity provides the loan at a below-market rate of interest; the loan is typically interest free. The employee repays the loan through salary deductions. If the employee leaves employment for any reason at any point, the outstanding balance of the loan becomes repayable. Conclusion Evidence gathered by the Committee indicated that the matters described in the request are not widespread. On the basis of that evidence, the Committee concluded that the matters described in the request do not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
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IAS 20	IAS 20 Accounting for Government Grants and Disclosure of Government Assistance—Accounting for repayable cash receipts	The Interpretations Committee received a request to clarify the accounting for cash received from a government to help an entity finance a research and development project. More specifically, the request asked whether the entity must recognise the cash received as a liability (on the basis that the entity has received a forgivable loan as defined in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance) or in profit or loss (on the basis that the entity has received a government grant as defined in IAS 20). The cash received from the government is repayable in cash only if the entity decides to exploit and commercialise the results of the research phase of the project. The terms of that repayment can result in the government receiving as much as twice the amount of the original cash proceeds if the project is successful. If the entity decides not to exploit and commercialise the results of the research phase, the cash received is not repayable in cash, but instead the entity must transfer to the government the rights to the research. The Interpretations Committee noted that, in this arrangement, the entity has obtained financing for its research and development project. The Interpretations Committee observed that the cash receipt described in the submission gives rise to a financial liability (applying paragraph 20(a) of IAS 32 Financial Instruments: Presentation) because the entity can avoid a transfer of cash only by settling a non-financial obligation (ie by transferring the rights to the research to the government). The entity accounts for that financial liability applying IFRS 9 Financial Instruments (IAS 39 Financial Instruments: Recognition and Measurement).	May-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee noted that, in the arrangement described in the submission, the cash received from the government does not meet the definition of a forgivable loan in IAS 20. This is because, in this arrangement, the government does not undertake to waive repayment of the loan, but rather to require settlement in cash or by transfer of the rights to the research. The Interpretations Committee noted that, applying paragraph B5.1.1 of IFRS 9 (paragraph AG64 of IAS 39), the entity assesses at initial recognition whether part of the cash received from the government is for something other than the financial instrument. For example, in the fact pattern described in the submission, part of the cash received (the difference between the cash received and the fair value of the financial liability) may represent a government grant. If this is the case, the entity accounts for the government grant applying IAS 20. The Interpretations Committee noted that the requirements in IFRS Standards provide an adequate basis to enable an entity to account for the cash received from the government. In the light of the existing requirements in IFRS Standards, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 20 and IFRS 9	IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance - TLTRO III Transactions	See below (click left to access)	Mar-22
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IAS 21	IAS 21 The Effects of Changes in Foreign Exchange Rates—Determination of functional currency of an investment holding company	The IFRIC received a request for guidance on whether the underlying economic environment of subsidiaries should be considered in determining, in its separate financial statements, the functional currency of an investment holding company. IAS 21 paragraphs 9 - 11 provide factors to be considered in determining the functional currency of an entity. Paragraph 12 states that when the 'indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions'. In addition, paragraph 17 of IAS 21 requires that an entity determine its functional currency in accordance with paragraphs 9-14 of the standard. Therefore, paragraph 9 should not be considered in isolation when determining the functional currency of an entity. Consequently, how an entity applies IAS 21 for the purpose of determining its functional currency—whether it is an investment	Mar-10

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		holding company or any other type of entity - requires the exercise of judgement. IAS 1 Presentation of Financial Statements requires disclosure of significant accounting policies and judgements that are relevant to an understanding of the financial statements. The IFRIC noted that any guidance it could provide would be in the nature of application guidance rather than an interpretation. Therefore, the IFRIC decided not to add the issue to its agenda.	
IAS 21	IAS 21 The Effects of Changes in Foreign Exchange Rates — Repayments of investments and foreign currency translation reserve	The Committee received a request for guidance on the reclassification of the foreign currency translation reserve (FCTR) when a repayment of a foreign investment occurs. The request specifically sought guidance on whether FCTR should be recycled for transactions in which there is a reduction in: - the investor's percentage equity ownership in the investee (a relative reduction); or - the absolute investment in the investee, even if there is no reduction in the proportionate equity ownership interest. A reduction in ownership may be relative, absolute or both. The Committee noted that paragraph 48D of IAS 21 requires that an entity must treat 'any reduction in an entity's ownership interest in a foreign operation' as a partial disposal, apart from those reductions in paragraph 48A that are accounted for as disposals. How an entity applies the requirements in paragraph 48D is largely dependent on whether it interprets 'any reduction in an entity's ownership interest in a foreign operation' to mean an absolute reduction, a proportionate reduction, or both. The Committee considers that different interpretations could lead to diversity in practice in the application of IAS 21 on the reclassification of the FCTR when repayment of investment in a foreign operation occurs. However, the Committee [decided] neither to add this issue to its agenda nor to recommend the Board to address this issue through Annual Improvements because it did not think that it would be able to reach a consensus on the issue on a timely basis. The Committee recommends that the IASB should consider this issue within a broad review of IAS 21 as a potential item for its post-2011 agenda.	Sept-10
IAS 21	IAS 21 The Effects of Changes in Foreign Exchange Rates— Foreign exchange restrictions and hyperinflation	The Interpretations Committee received a request for guidance on the translation and consolidation of the results and financial position of foreign operations in Venezuela. The issue arises because of strict foreign exchange controls in Venezuela. This includes the existence of several official exchange rates that may not fully reflect the local rate of hyperinflation and of restrictions over the amount of local currency that can be exchanged. Concerns were raised that using an official exchange rate to translate an entity's net investment in a foreign operation in Venezuela appeared not to appropriately reflect the financial performance and position of the foreign operation in the group's consolidated financial statements. The Interpretations Committee identified two primary accounting issues: (a) which rate should be used to translate the entity's net investment in the foreign operation when there are multiple exchange rates? (b) which rate should be used when there is a longer-term lack of exchangeability?	Nov-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		With respect to the first issue, the Interpretations Committee observed very little diversity in the application of IAS 21 regarding the principle to use when determining which rate, out of multiple rates, to use to translate an entity's net investment in a foreign operation. The Interpretations Committee noted that predominant practice is to apply the principle in paragraph 26 of IAS 21, which gives guidance on which exchange rate to use when reporting foreign currency transactions in the functional currency when several exchange rates are available. Hence, despite the issue's widespread applicability, the Interpretations Committee decided not to take the first issue onto its agenda. With respect to the second issue, the Interpretations Committee observed that a longer-term lack of exchangeability is not addressed by the guidance in IAS 21, and so it is not entirely clear how IAS 21 applies in such situations. However, the Interpretations Committee thought that addressing this issue is a broader-scope project than it could address. Accordingly, the Interpretations Committee decided not to take this issue onto its agenda. However, the Interpretations Committee noted that several existing disclosure requirements in IFRS would apply when the impact of foreign exchange controls is material to understanding the entity's financial performance and position. Relevant disclosure requirements in IFRS include: • disclosure of significant accounting policies and significant judgements in applying those policies (paragraphs 117–124 of IAS 1); • disclosure of sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, which may include a sensitivity analysis (paragraphs 125–133 of IAS 1); and • disclosure about the nature and extent of significant restrictions on an entity's ability to access or use assets and to settle the liabilities of the group, or its joint ventures or associates (paragraphs 10, 13, 20 and 22 of IFRS 12).	
IAS 21	Determination of the exchange rate when there is a long-term lack of exchangeability	The Committee considered the determination of the exchange rate an entity uses to translate the results and financial position of a foreign operation into its presentation currency applying IAS 21. The Committee considered this matter in the following circumstances: a) the exchangeability of the foreign operation's functional currency with other currencies is administered by jurisdictional authorities. This exchange mechanism incorporates the use of an exchange rate(s) set by the authorities (official exchange rate(s)). b) the foreign operation's functional currency is subject to a long-term lack of exchangeability with other currencies—ie the exchangeability is not temporarily lacking as described in paragraph 26 of IAS 21; it has not been restored after the end of the reporting period. c) the lack of exchangeability with other currencies has resulted in the foreign operation being unable to access foreign currencies using the exchange mechanism described in (a) above.	Sept-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that those circumstances currently exist in Venezuela. The Committee discussed whether, in those circumstances, an entity is required to use an official exchange rate(s) in applying IAS 21. The Committee observed that an entity translates the results and financial position of a foreign operation into its presentation currency applying the requirements in paragraphs 39 and 42 of IAS 21. Those paragraphs require an entity to translate: a) the assets and liabilities of the foreign operation at the closing rate; and b) income and expenses of the foreign operation at the exchange rates at the dates of the transactions if the functional currency of the foreign operation is not the currency of a hyperinflationary economy, or otherwise at the closing rate. <i>The closing rate and the rates at the dates of the transactions</i> Paragraph 8 of IAS 21 defines (a) the ‘closing rate’ as the spot exchange rate at the end of the reporting period; and (b) the ‘spot exchange rate’ as the exchange rate for immediate delivery. In the light of those definitions, the Committee concluded that the closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism. Accordingly, the Committee observed that in the circumstances described above an entity assesses whether the official exchange rate(s) meets the definition of the closing rate—ie is it the rate to which the entity would have access at the end of the reporting period? Similarly, if the foreign operation’s functional currency is not the currency of a hyperinflationary economy, the entity also assesses whether the official exchange rate(s) represents the exchange rates at the dates of the transactions in applying paragraph 39(b) of IAS 21. <i>Continuous assessment of facts and circumstances</i> In the circumstances described above, economic conditions are in general constantly evolving. Therefore, the Committee highlighted the importance of reassessing at each reporting date whether the official exchange rate(s) meets the definition of the closing rate and, if applicable, the exchange rates at the dates of the transactions. <i>Disclosure requirements</i> An entity is required to provide information that is relevant to an understanding of an entity’s financial statements (paragraph 112 of IAS 1 Presentation of Financial Statements). The Committee highlighted the importance of disclosing relevant information in the circumstances described above. In particular, the Committee observed that the following disclosure requirements may be relevant to an understanding of an entity’s financial statements: a) significant accounting policies, and judgements made in applying those policies that have the most significant effect on the amounts recognised in the financial statements (paragraphs 117–124 of IAS 1);	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b) sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, which may include sensitivity analysis (paragraphs 125–133 of IAS 1); and c) the nature and extent of significant restrictions on an entity's ability to access or use assets and settle liabilities of the group, or in relation to its joint ventures or associates (paragraphs 10, 13, 20 and 22 of IFRS 12 Disclosures of Interests in Other Entities). The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to assess whether, in the circumstances described above, it uses the official exchange rate(s) to translate into its presentation currency the results and financial position of a foreign operation. Consequently, the Committee decided not to add this matter to its standard-setting agenda. Research In addition to publishing the agenda decision above, at its June 2018 meeting the Committee decided to research possible narrow-scope standard-setting aimed at addressing the exchange rate a reporting entity uses when the spot exchange rate (as defined in IAS 21) is not observable. The Committee will discuss this matter at a future meeting.	
IAS 21/IAS 29	Translation of a Hyperinflationary Foreign Operation—Presenting Exchange Differences (IAS 21 and IAS 29)	The Committee received a request about the application of IAS 21 and IAS 29. In the fact pattern described in the request, the entity: a) has a presentation currency that is not the currency of a hyperinflationary economy as defined in IAS 29; b) has a foreign operation with a functional currency that is the currency of a hyperinflationary economy as defined in IAS 29 (hyperinflationary foreign operation); and c) translates the results and financial position of the hyperinflationary foreign operation into its presentation currency in preparing its consolidated financial statements. Paragraph 43 of IAS 21 requires an entity to restate the results and financial position of a hyperinflationary foreign operation applying IAS 29 before applying the translation method set out in paragraph 42 of IAS 21 (restate/translate approach). The application of the restate/translate approach may result in a change to the entity's net investment in the hyperinflationary foreign operation. This change would include two effects: (a) a restatement effect resulting from restating the entity's interest in the equity of the hyperinflationary foreign operation as required by IAS 29; and (b) a translation effect resulting from translating the entity's interest in the equity of the hyperinflationary foreign operation (excluding the effect of any restatement required by IAS 29) at a closing rate that differs from the previous closing rate. To illustrate this using a simple example, assume at the beginning of the reporting period that an entity has a 100% interest in a hyperinflationary foreign operation that has a non-monetary asset of 1,000 in local currency (LC), no other assets and no liabilities.	Mar-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Therefore, the foreign operation has net assets (and equity) of LC1,000. The change in the general price index of the hyperinflationary economy during the reporting period is 200%. The entity could, for example, calculate: (a) the restatement effect as $(LC1,000 \times (1+200\%) - LC1,000) \times$ closing exchange rate. This calculation reflects the entity's interest in the equity of the hyperinflationary foreign operation of LC1,000, restated applying IAS 29, and reported in the entity's presentation currency; and (b) the translation effect as $(LC1,000 \times$ closing exchange rate) $- (LC1,000 \times$ opening exchange rate). This calculation reflects the entity's interest in the equity of the hyperinflationary foreign operation of LC1,000 (excluding the effect of the restatement required by IAS 29) multiplied by the difference between the opening and closing exchange rates. The request asked how the entity presents the restatement and translation effects in its statement of financial position. Do the restatement and translation effects meet the definition of an exchange difference? Paragraph 8 of IAS 21 defines an exchange difference as the difference 'resulting from translating a given number of units of one currency into another currency at different exchange rates'. The Committee concluded that, in the fact pattern described in the request, either the translation effect alone meets the definition of an exchange difference, or the combination of the restatement and translation effects meets that definition. How does an entity present any exchange difference arising from translating a hyperinflationary foreign operation? The Committee observed that all requirements in IAS 21 that specify the recognition (or presentation) of exchange differences require an entity to recognise (or present) exchange differences in profit or loss or other comprehensive income (OCI). IAS 21 requires the recognition of exchange differences in profit or loss or OCI—with no reference to equity—because exchange differences meet the definition of income or expenses. Accordingly, the Committee concluded that an entity does not recognise exchange differences directly in equity. Paragraph 7 of IAS 1 Presentation of Financial Statements states that components of OCI include 'gains and losses arising from translating the financial statements of a foreign operation'. Paragraph 41 of IAS 21 explains that exchange differences arising from translating the financial statements of a non-hyperinflationary foreign operation are recognised in OCI—and not in profit or loss—because 'the changes in exchange rates have little or no direct effect on the present and future cash flows from operations'. The Committee observed that this explanation is also relevant if the foreign operation's functional currency is hyperinflationary. Accordingly, the Committee concluded that an entity presents in OCI any exchange difference resulting from the translation of a hyperinflationary foreign operation. Applying the requirements in IFRS Standards to the restatement and translation effects The Committee concluded that, in the fact pattern described in the request, the entity presents:	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		(c) the restatement and translation effects in OCI, if the entity considers that the combination of those two effects meets the definition of an exchange difference in IAS 21; or (d) the translation effect in OCI, if the entity considers that only the translation effect meets the definition of an exchange difference in IAS 21. In this case, consistent with the requirements in paragraph 25 of IAS 29, the entity presents the restatement effect in equity. In the light of its analysis, the Committee considered whether to add a project on the presentation of exchange differences resulting from the restatement and translation of hyperinflationary foreign operations to its standard-setting agenda. The Committee has not obtained evidence that a project with that scope—undertaken in isolation of other aspects of the accounting for hyperinflationary foreign operations—would result in an improvement in financial reporting that would be sufficient to outweigh the costs. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IAS 21/IAS 29	Cumulative Exchange Differences before a Foreign Operation becomes Hyperinflationary (IAS 21 and IAS 29)	The Committee received a request about the application of IAS 21 and IAS 29. In the fact pattern described in the request, the entity: a) has a presentation currency that is not the currency of a hyperinflationary economy as defined in IAS 29; b) has a foreign operation with a functional currency that is the currency of a hyperinflationary economy as defined in IAS 29 (hyperinflationary foreign operation); and c) translates the results and financial position of the hyperinflationary foreign operation into its presentation currency in preparing its consolidated financial statements. Before the foreign operation becomes hyperinflationary, IAS 21 requires an entity to: a) present in other comprehensive income (OCI) any exchange differences resulting from translating the results and financial position of that non-hyperinflationary foreign operation; and b) present in a separate component of equity the cumulative amount of those exchange differences (cumulative pre-hyperinflation exchange differences). The request asked whether the entity reclassifies within equity the cumulative prehyperinflation exchange differences once the foreign operation becomes hyperinflationary—that is, whether the entity transfers the cumulative prehyperinflation exchange differences to a component of equity that is not subsequently reclassified to profit or loss. Paragraph 41 of IAS 21 requires an entity to present the cumulative amount of exchange differences recognised in OCI in a separate component of equity 'until disposal of the foreign operation'. Further, paragraphs 48 and 48C of IAS 21 require an entity to reclassify the cumulative amount of those exchange differences—or a proportionate share of that cumulative amount—from equity to profit or loss on disposal—or partial disposal—of a foreign operation (except as specified in paragraph 48C).	Mar-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Accordingly, the Committee concluded that, in the fact pattern described in the request, the entity presents the cumulative amount of the exchange differences as a separate component of equity (to which paragraph 48 or 48C of IAS 21 applies) until disposal or partial disposal of the foreign operation. The entity does not reclassify within equity the cumulative pre-hyperinflation exchange differences once the foreign operation becomes hyperinflationary. The Committee concluded that the principles and requirements in IAS 21 provide an adequate basis for an entity to determine how to present the cumulative prehyperinflation exchange differences once a foreign operation becomes hyperinflationary. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IAS 21/IAS 29	Presenting Comparative Amounts when a Foreign Operation first becomes Hyperinflationary (IAS 21 and IAS 29)	The Committee received a request about the application of IAS 21 and IAS 29. In the fact pattern described in the request, the entity: a. has a presentation currency that is not the currency of a hyperinflationary economy as defined in IAS 29; a) has a foreign operation whose functional currency is the currency of a hyperinflationary economy as defined in IAS 29 (hyperinflationary foreign operation); and b) translates the results and financial position of the hyperinflationary foreign operation into its presentation currency in preparing its consolidated financial statements. The request asked whether the entity restates comparative amounts presented for the foreign operation in: a) its annual financial statements for the period in which the foreign operation becomes hyperinflationary; and b) its interim financial statements in the year after the foreign operation becomes hyperinflationary, if the foreign operation was not hyperinflationary during the comparative interim period. On the basis of responses to outreach, comment letters received and additional research, the Committee observed little diversity in the application of IAS 21 with respect to the questions in the request—in applying paragraph 42(b) of IAS 21, entities generally do not restate comparative amounts in their interim or annual financial statements in the situations described above. Therefore, the Committee has not obtained evidence that the matter has widespread effect. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	Mar-20
IAS 21 / IFRS 17	IFRS 17 Insurance Contracts and IAS 21 The Effects of Changes in Foreign Exchange Rates – Multi-currency	Refer to IFRS 17 – click left to access	Oct-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	Groups of Insurance Contracts		
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IAS 23	IAS 23 (as revised 2007) - Foreign exchange and capitalisable borrowing costs	The IFRIC received a request for guidance on which foreign exchange differences may be regarded as adjustments to interest costs for the purpose of applying IAS 23. IAS 23 states that 'Borrowing costs may include...exchange differences arising from foreign currency borrowings <i>to the extent</i> that they are regarded as an adjustment to interest costs' (emphasis added). The request asked for guidance both on the treatment of foreign exchange gains and losses and on the treatment of any derivatives used to hedge such foreign exchange exposures. The IFRIC noted that the principle set out in paragraph 8 of IAS 23 states 'an entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.' The IFRIC also noted that paragraph 11 states 'the determination of the amount of borrowing costs that are directly attributable to the acquisition of a qualifying asset is difficult and the exercise of judgement is required Consequently, how an entity applies IAS 23 to foreign currency borrowings is a matter of accounting policy requiring the exercise of judgement. IAS 1 Presentation of Financial Statements requires clear disclosure of significant accounting policies and judgements that are relevant to an understanding of the financial statements. The IFRIC noted that, notwithstanding the guidance in paragraphs 8 and 11 of IAS 23, the standard itself acknowledges that judgement will be required in its application and appropriate disclosure of accounting policies and judgements would provide users with the information they need to understand the financial statements. The IFRIC concluded that it was unnecessary to provide application guidance. The IFRIC also noted that, as part of its project to amend IAS 23, the Board specifically considered this issue and decided not to develop further guidance in this area. The IFRIC concluded that it should not develop guidance as the Board had already decided not to provide it, the IFRIC therefore decided not to add the issue to its agenda.	Jan-08
IAS 23	IAS 23 Borrowing Costs - Meaning of 'general borrowings'	The IFRIC received a request for guidance on what borrowings comprise "general borrowings" for purposes of capitalisation of borrowing costs in accordance with IAS 23. IAS 23 paragraph 14 states that "To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset" (emphasis added). The request asked for guidance on the treatment of general borrowings used to purchase a specific asset other than a qualifying asset as defined in the standard. The IFRIC noted that because paragraph 14 of IAS 23 refers only to qualifying assets, some conclude that borrowings related to specific assets other than qualifying assets cannot be excluded from determining the capitalisation rate for general borrowings. Others note the general principle in paragraph 10 that the borrowing costs that are directly attributable to the acquisition,	Nov-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		construction or production of a qualifying asset are borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. The IFRIC noted that paragraph 11 of IAS 23 states 'the determination of the amount of borrowing costs that are directly attributable to the acquisition of a qualifying asset is difficult and the exercise of judgement is required.' The IFRIC noted that the standard itself acknowledges that judgement will be required in its application. In addition, the IFRIC concluded that any guidance it could provide would be in the nature of application guidance rather than an interpretation. The IFRIC also noted that the Board will consider whether to add this issue to the annual improvements project. At its meeting in July, the Board noted that IAS 23 excludes only debt used to acquire qualifying assets from the determination of the capitalisation rate. The Board decided not to include this issue in the annual improvements project. Therefore, the IFRIC decided not to add the issue to its agenda.	
IAS 23	Expenditures on a qualifying asset (IAS 23 Borrowing Costs)	The Committee received a request about the amount of borrowing costs eligible for capitalisation when an entity uses general borrowings to obtain a qualifying asset. In the fact pattern described in the request: a) an entity constructs a qualifying asset; b) the entity has no borrowings at the start of the construction of the qualifying asset. Partway through construction, it borrows funds generally and uses them to finance the construction of the qualifying asset; and c) the entity incurs expenditures on the qualifying asset both before and after it incurs borrowing costs on the general borrowings. The request asked whether an entity includes expenditures on a qualifying asset incurred before obtaining general borrowings in determining the amount of borrowing costs eligible for capitalisation. The Committee observed that an entity applies paragraph 17 of IAS 23 to determine the commencement date for capitalising borrowing costs. The paragraph requires an entity to begin capitalising borrowing costs when it meets all the following conditions: a) it incurs expenditures for the asset; b) it incurs borrowing costs; and c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Applying paragraph 17 of IAS 23 to the fact pattern described in the request, the entity would not begin capitalising borrowing costs until it incurs borrowing costs. Once the entity incurs borrowing costs and therefore satisfies all three conditions in paragraph 17 of IAS 23, it then applies paragraph 14 of IAS 23 to determine the expenditures on the qualifying asset to which it applies the capitalisation rate. The Committee observed that in doing so the entity does not disregard expenditures on the qualifying asset incurred before it obtains the general borrowings.	Sept-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine the amount of borrowing costs eligible for capitalisation in the fact pattern described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IAS 23	Borrowing costs on land (IAS 23 Borrowing Costs)	The Committee received a request about when an entity ceases capitalising borrowing costs on land. In the fact pattern described in the request: a) an entity acquires and develops land and thereafter constructs a building on that land—the land represents the area on which the building will be constructed; b) both the land and the building meet the definition of a qualifying asset; and c) the entity uses general borrowings to fund the expenditures on the land and construction of the building. The request asked whether the entity ceases capitalising borrowing costs incurred in respect of expenditures on the land (land expenditures) once it starts constructing the building or whether it continues to capitalise borrowing costs incurred in respect of land expenditures while it constructs the building. The Committee observed that in applying IAS 23 to determine when to cease capitalising borrowing costs incurred on land expenditures: a) an entity considers the intended use of the land. Land and buildings are used for owner-occupation (recognised as property, plant and equipment applying IAS 16 Property, Plant and Equipment); rent or capital appreciation (recognised as investment property applying IAS 40 Investment Property); or for sale (recognised as inventory applying IAS 2 Inventories). The intended use of the land is not simply for the construction of a building on the land, but rather to use it for one of these three purposes. b) applying paragraph 24 of IAS 23, an entity considers whether the land is capable of being used for its intended purpose while construction continues on the building. If the land is not capable of being used for its intended purpose while construction continues on the building, the entity considers the land and building together to assess when to cease capitalising borrowing costs on the land expenditures. In this situation, the land would not be ready for its intended use or sale until substantially all the activities necessary to prepare both the land and building for that intended use or sale are complete.	Sept-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine when to cease capitalising borrowing costs on land expenditures. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IAS 23	Over Time Transfer of Constructed Good (IAS 23 Borrowing Costs)	The Committee received a request about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development (building). In the fact pattern described in the request: a) a real estate developer (entity) constructs the building and sells the individual units in the building to customers. b) the entity borrows funds specifically for the purpose of constructing the building and incurs borrowing costs in connection with that borrowing. c) before construction begins, the entity signs contracts with customers for the sale of some of the units in the building (sold units). d) the entity intends to enter into contracts with customers for the remaining part-constructed units (unsold units) as soon as it finds suitable customers. e) the terms of, and relevant facts and circumstances relating to, the entity's contracts with customers (for both the sold and unsold units) are such that, applying paragraph 35(c) of IFRS 15 Revenue from Contracts with Customers, the entity transfers control of each unit over time and, therefore, recognises revenue over time. The consideration promised by the customer in the contract is in the form of cash or another financial asset. The request asked whether the entity has a qualifying asset as defined in IAS 23 and, therefore, capitalises any directly attributable borrowing costs. Applying paragraph 8 of IAS 23, an entity capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Paragraph 5 of IAS 23 defines a qualifying asset as 'an asset that necessarily takes a substantial period of time to get ready for its intended use or sale'. Accordingly, the entity assesses whether, in the fact pattern described in the request, it recognises an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Depending on the particular facts and circumstances, the entity might recognise a receivable, a contract asset and/or inventory.	Mar-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee concluded that, in the fact pattern described in the request: a) a receivable that the entity recognises is not a qualifying asset. Paragraph 7 of IAS 23 specifies that financial assets are not qualifying assets. b) a contract asset that the entity recognises is not a qualifying asset. The contract asset (as defined in Appendix A to IFRS 15) would represent the entity's right to consideration that is conditioned on something other than the passage of time in exchange for transferring control of a unit. The intended use of the contract asset—to collect cash or another financial asset—is not a use for which it necessarily takes a substantial period of time to get ready. c) inventory (work-in-progress) for unsold units under construction that the entity recognises is not a qualifying asset. In the fact pattern described in the request, this asset is ready for its intended sale in its current condition—ie the entity intends to sell the part-constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer. The Committee concluded that the principles and requirements in IAS 23 provide an adequate basis for an entity to determine whether to capitalise borrowing costs in the fact pattern described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda. <i>Agenda Paper 3: Educational material</i> The staff will develop educational material relating to the Committee's conclusion in the agenda decision.	
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IAS 24	IAS 24 Related Party Disclosures—Definition of close members of the family of a person	The Interpretations Committee received a submission regarding the definition of close members of the family of a person in paragraph 9 of IAS 24. The submitter points out that the definition of close members of the family of a person in paragraph 9 does not specify that the parents of a person could be included in this definition. The submitter thinks that this definition should include a person's parents, because in its view they are among the closest members of the family of a person who may be expected to influence, or be influenced by, that person in their dealings with the entity. The submitter further observes that local regulations in some jurisdictions include the parents of a person within the definition of 'close members of the family of a person'. The submitter suggests that the Interpretations Committee could: a) specify that this definition includes 'persons who are considered to be close members of the family according to the law or the prevailing customary norms in the jurisdiction where the entity operates'; and	May-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b) remove the examples of 'close members of the family of a person' from the definition. The Interpretations Committee observed that the definition of close members of the family of a person in paragraph 9 of IAS 24: a) is expressed in a principle-based manner and involves the use of judgement to determine whether members of the family of a person (including that person's parents) are related parties or not; and b) includes a list of family members that are always considered close members of the family of a person. The Interpretations Committee further noted that the list of family members in paragraph 9(a)–(c) is non exhaustive and does not preclude other family members from being considered as close members of the family of a person. Consequently, the Interpretations Committee thought that other family members, including parents or grandparents, could qualify as close members of the family depending on the assessment of specific facts and circumstances. In the light of the existing IFRS requirements, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary and therefore decided not to add this issue to its agenda.	
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IAS 26	IAS 26 Accounting and Reporting by Retirement Benefit Plans — Valuation of plan assets	A request was received to clarify the interaction between IAS 26 and IAS 39 Financial Instruments: Recognition and Measurement relating to the accounting for retirement benefit plan investments (plan assets), in the financial statements of retirement benefit plans prepared in accordance with IAS 26. The Committee observed that the guidance in paragraph 32 of IAS 26 is clear that plan assets shall be carried at fair value. The Committee also noted that it is clear that changes in the fair value of plan assets should be presented and disclosed in accordance with paragraph 35 of IAS 26 in the statement of changes in net assets available for benefits. The Committee concluded that IFRSs are clear and that divergent interpretations are not expected in practice. Consequently, the Committee decided not to add this issue to its agenda or to recommend an amendment to the standards.	May-10
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IAS 27	IAS 27 - Separate financial statements issued before	The IFRIC considered a comment letter that had been received objecting to the draft reasons for not taking this onto IFRIC's agenda. The comment letter argued that it is possible to interpret IAS 27 as permitting separate accounts to be published when there is a reasonable expectation that consolidated accounts will be published shortly.	Mar-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	consolidated financial statements	IFRIC members rejected this approach based on the current text of the standard and reaffirmed the following text, previously published, of its reasons for not taking the item onto its agenda. The IFRIC considered whether separate financial statements issued before consolidated financial statements could be considered to comply with IFRSs. The IFRIC noted that IAS 27 requires that separate financial statements should identify the financial statements prepared in accordance with paragraph 9 of IAS 27 to which they relate (the consolidated financial statements), unless one of the exemptions provided by paragraph 10 is applicable. The IFRIC decided that, since the Standard is clear, it would not expect diversity in practice and would not take this item onto its agenda.	
IAS 27	IAS 27 - SIC-12 Consolidation - Special Purpose Entities - Relinquishment of control	See below (click link on left to access)	Nov-06
IAS 27	IAS 27 - Financial Instruments puttable at an amount other than Fair Value	The IFRIC received a submission regarding the classification in the financial statements of the holders of financial instruments puttable at the option of the holders at an amount other than fair value (the puttable instruments). The submission noted that the issuer's contractual obligation to deliver cash requires the issuer to recognise financial liabilities in its financial statements in accordance with IAS 32 Financial Instruments: Presentation. The issues are: • how the puttable instruments should be accounted for in the financial statements of the holders, in particular, whether the accounting for the instruments in the financial statements of the holders should be symmetrical with that in the financial statements of the issuer • whether an entity that has control over an entity that has no equity instruments in issue is required to present consolidated financial statements in accordance with IAS 27 Consolidated and Separate Financial Statements as well as to recognise goodwill in accordance with IFRS Regarding the first issue, the IFRIC noted that IAS 32 and IAS 39 do not directly address whether the accounting for financial instruments in the financial statements of the holders should be symmetrical with that in the financial statements of the issuer. However, the IFRIC noted that the issuer of a financial instrument is required to classify it in accordance with IAS 32, whereas the holder is required to classify and account for it in accordance with IAS 39. The IFRIC noted that IAS 39 requires the holder to identify embedded derivatives of hybrid financial instruments. IAS 39 also requires the holder to account for the embedded derivatives separately if all the conditions in IAS 39 paragraph 11 are met. These	Jan-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		requirements apply to the holder regardless of whether any embedded derivatives are accounted for separately in the financial statements of the issuer. In the light of the existing guidance in IAS 39, the IFRIC decided that the first issue should not be taken onto the agenda. Regarding the second issue, the IFRIC noted that the control of a subsidiary, and the resulting requirement for a parent to present consolidated financial statements in accordance with IAS 27 (including the requirement to recognise goodwill in accordance with IFRS 3) does not necessarily depend on the parent's owning equity instruments of the subsidiary. The IFRIC, therefore, decided not to take the second issue onto the agenda.	
IAS 27	IAS 27 Consolidated and Separate Financial Statements — Transaction costs for non-controlling interest	The IFRIC received a request to clarify the guidance in IAS 27 (as amended in 2008) for accounting for transaction costs incurred in the acquisition or disposal of non-controlling interest (NCI) that does not result in the loss of control of an entity. The IFRIC noted that the amended IAS 27 requires transactions with NCI to be treated as equity transactions. Paragraphs 106(d)(iii) and 109 of IAS 1 Presentation of Financial Statements state that changes in equity resulting from transactions with owners in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions are not part of the income and expense generated by the entity's activities during that period. Accordingly, the IFRIC concluded that relevant guidance exists in IFRSs applicable to such transactions. Because it did not expect significant divergence in practice given the existing guidance, the IFRIC decided not to add the issue to its agenda.	July-09
IAS 27	IAS 27 - Combined financial statements and redefining the reporting entity	The IFRIC received a request for guidance on whether a reporting entity may, in accordance with IFRSs, present financial statements that include a selection of entities that are under common control, rather than being restricted to a parent/subsidiary relationship as defined by IAS 27. The IFRIC noted that the ability to include entities within a set of IFRS financial statements depends on the interpretation of 'reporting entity' in the context of common control. The IFRIC noted that in December 2007 the Board added a project to its research agenda to examine the definition of common control and the methods of accounting for business combinations under common control in the acquirer's consolidated and separate financial statements. The IFRIC also noted that describing the reporting entity is the objective of Phase D of the Board's Conceptual Framework project. The IFRIC also received a request for guidance on whether a reporting entity may, in accordance with IFRSs, be redefined to exclude from comparative periods entities/businesses that have been carved-out of a group. The IFRIC noted that the Board's common control project referred to above will also consider the accounting for demergers, such as the spin-off of a subsidiary or business. Consequently, the IFRIC decided not to add these issues to its agenda.	Jan-10

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 27	IAS 27 - Presentation of comparatives when applying the 'pooling of interests' method	The IFRIC received a request for guidance on the presentation of comparatives when applying the 'pooling of interests' method for business combinations between entities under common control when preparing financial statements in accordance with IFRS. The IFRIC noted that IFRS 3 Business Combinations (revised 2008) excludes from its scope 'a combination of entities or businesses under common control'. The IFRIC noted that resolving the issue would require interpreting the interaction of multiple IFRSs. The IFRIC also noted that in December 2007 the Board added a project to its research agenda to examine the definition of common control and the methods of accounting for business combinations under common control in the acquirer's consolidated and separate financial statements. Consequently, the IFRIC decided not to add this issue to its agenda.	Jan-10
IAS 27	IAS 27 Consolidated and Separate Financial Statements—contributions to a jointly controlled entity or an associate	The Interpretations Committee received three requests asking for clarification of the accounting when a parent loses control over a subsidiary and that subsidiary is contributed so as to become (part of) a jointly controlled entity (JCE) or an associate. In particular, does the parent recognise the full gain or loss resulting from the transaction or only to the extent of the interests of the other equity holders in the JCE or the associate? The Committee noted that there is an inconsistency between the guidance in IAS 27 and IAS 31 Interests in Joint Ventures together with SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers for transactions where a parent contributes interests in a subsidiary to a JCE and this contribution results in a loss of control in the subsidiary by the parent. Paragraph 5 of SIC-13 restricts gains and losses arising from contributions of non monetary assets to a JCE to the extent of the interest attributable to the other equity holders in the JCE, whereas paragraph 34 of IAS 27 requires full profit or loss recognition on the loss of control. The Committee noted that the Board had previously in December 2009 decided not to deal with the inconsistency within the joint venture project but to deal with it separately. The Committee also noted that there are broader issues in relation to contributions to a JCE or associate in general, particularly involving the loss of control when a subsidiary becomes a JCE or an associate. The Committee therefore concluded that this issue would be best resolved by referring it to the Board as part of a broader project on equity accounting. Consequently, the Committee decided to recommend that the Board should not add the issue to Annual Improvements.	May-11
IAS 27	IAS 27 Consolidated and Separate Financial Statements—group reorganisations in separate financial statements	The Interpretations Committee received a request asking for clarification of whether paragraphs 38B and 38C of IAS 27 (amended 2008) or paragraphs 13 and 14 of IAS 27 (revised 2011) apply either directly or by analogy to reorganisations of groups that result in the new intermediate parent having more than one direct subsidiary. The request addresses the accounting of the new intermediate parent for its investments in subsidiaries when it accounts for these investments in its separate financial statements at cost in accordance with paragraph 38(a) of IAS 27 (amended 2008) or paragraph 10(a) of IAS 27 (revised 2011). The Committee noted that the normal basis for determining the cost of an investment in a subsidiary under paragraph 38(a) of IAS 27 (amended 2008) or paragraph 10(a) of IAS 27 (revised 2011) has to be applied to reorganisations that result in the new intermediate parent having more than one direct subsidiary. Paragraphs 38B and 38C of IAS 27 (amended 2008) or paragraphs 13 and 14 of IAS 27 (revised 2011) apply only when the assets and liabilities of the new group and the original group (or original	Sept-11

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		entity) are the same before and after the reorganisation. The Committee observed that this condition is not met in reorganisations that result in the new intermediate parent having more than one direct subsidiary and that therefore these paragraphs in IAS 27 do not apply to such reorganisations, such as the reorganisations presented in the submission. Furthermore, the Committee noted that the Board explained in paragraph BC66Q of IAS 27 (amended 2008) and paragraph BC27 of IAS 27 (revised 2011) that paragraphs 38B and 38C of IAS 27 (amended 2008) and paragraphs 13 and 14 of IAS 27 (revised 2011), respectively, do not apply to other types of reorganisations. In addition, the Committee noted that the guidance in paragraphs 38B and 38C of IAS 27 (amended 2008) or paragraphs 13 and 14 of IAS 27 (revised 2011) cannot be applied to reorganisations that result in the new intermediate parent having more than one direct subsidiary by analogy, because this guidance is an exception to the normal basis for determining the cost of an investment in a subsidiary under paragraph 38(a) of IAS 27 (amended 2008) or paragraph 10(a) of IAS 27 (revised 2011). As a result, the Committee noted that there is already sufficient guidance in IAS 27 (amended 2008) and IAS 27 (revised 2011). Consequently, the Committee decided not to add this issue to its agenda.	
IAS 27	IAS 27 - Investment in a subsidiary accounted for at cost: Partial disposal	The Committee received a request about how an entity applies the requirements in IAS 27 to a fact pattern involving an investment in a subsidiary. In the fact pattern described in the request, the entity preparing separate financial statements: • elects to account for its investments in subsidiaries at cost applying paragraph 10 of IAS 27. • holds an initial investment in a subsidiary (investee). The investment is an investment in an equity instrument as defined in paragraph 11 of IAS 32 Financial Instruments: Presentation. • subsequently disposes of part of its investment and loses control of the investee. After the disposal, the entity has neither joint control of, nor significant influence over, the investee. The request asked whether: a. the investment retained (retained interest) is eligible for the presentation election in paragraph 4.1.4 of IFRS 9 Financial Instruments. That election permits the holder of particular investments in equity instruments to present subsequent changes in fair value in other comprehensive income (OCI) (Question A). b. the entity presents in profit or loss or OCI any difference between the cost of the retained interest and its fair value on the date of losing control of the investee (Question B). Question A Paragraph 9 of IAS 27 requires an entity to apply all applicable IFRS Standards in preparing its separate financial statements, except when accounting for investments in subsidiaries, associates and joint ventures to which paragraph 10 of IAS 27 applies. After the partial disposal transaction, the investee is not a subsidiary, associate or joint venture of the entity. Accordingly, the entity applies IFRS 9 for the first time in accounting for its retained interest in the investee. The Committee observed that the	Jan-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		presentation election in paragraph 4.1.4 of IFRS 9 applies at initial recognition of an investment in an equity instrument. An investment in an equity instrument within the scope of IFRS 9 is eligible for the election if it is neither held for trading (as defined in Appendix A of IFRS 9) nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies. In the fact pattern described in the request, assuming the retained interest is not held for trading, the Committee concluded that (a) the retained interest is eligible for the presentation election in paragraph 4.1.4 of IFRS 9, and (b) the entity would make this presentation election when it first applies IFRS 9 to the retained interest (ie at the date of losing control of the investee). Question B Any difference between the cost of the retained interest and its fair value on the date the entity loses control of the investee meets the definitions of income or expenses in the Conceptual Framework for Financial Reporting. Accordingly, the Committee concluded that, applying paragraph 88 of IAS 1 Presentation of Financial Statements, the entity recognises this difference in profit or loss. This is the case regardless of whether the entity presents subsequent changes in fair value of the retained interest in profit or loss or OCI. The Committee also noted that its conclusion is consistent with the requirements in paragraph 22(b) of IAS 28 Investments in Associates and Joint Ventures and paragraph 11B of IAS 27, which deal with similar and related issues. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to account for a partial disposal transaction in its separate financial statements. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IAS 27	IAS 27 - Investment in a subsidiary accounted for at cost: Step acquisition	The Committee received a request about how an entity applies the requirements in IAS 27 to a fact pattern involving an investment in a subsidiary. In the fact pattern described in the request, the entity preparing separate financial statements: • elects to account for its investments in subsidiaries at cost applying paragraph 10 of IAS 27. • holds an initial investment in another entity (investee). The investment is an investment in an equity instrument as defined in paragraph 11 of IAS 32 Financial Instruments: Presentation. The investee is not an associate, joint venture or subsidiary of the entity and, accordingly, the entity applies IFRS 9 Financial Instruments in accounting for its initial investment (initial interest). • subsequently acquires an additional interest in the investee (additional interest), which results in the entity obtaining control of the investee—ie the investee becomes a subsidiary of the entity. The request asked: a. whether the entity determines the cost of its investment in the subsidiary as the sum of:	Jan-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		i. the fair value of the initial interest at the date of obtaining control of the subsidiary, plus any consideration paid for the additional interest (fair value as deemed cost approach); or ii. the consideration paid for the initial interest (original consideration), plus any consideration paid for the additional interest (accumulated cost approach) (Question A). b. how the entity accounts for any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration when applying the accumulated cost approach (Question B). Question A IAS 27 does not define 'cost', nor does it specify how an entity determines the cost of an investment acquired in stages. The Committee noted that cost is defined in other IFRS Standards (for example, paragraph 6 of IAS 16 Property Plant and Equipment, paragraph 8 of IAS 38 Intangible Assets and paragraph 5 of IAS 40 Investment Property). The Committee observed that the two approaches outlined in the request arise from different views of whether the step acquisition transaction involves: a. the entity exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee, or b. purchasing the additional interest while retaining the initial interest. Based on its analysis, the Committee concluded that a reasonable reading of the requirements in IFRS Standards could result in the application of either one of the two approaches outlined in this agenda decision (ie fair value as deemed cost approach or accumulated cost approach). The Committee observed that an entity would apply its reading of the requirements consistently to step acquisition transactions. An entity would also disclose the selected approach applying paragraphs 117–124 of IAS 1 Presentation of Financial Statements if that disclosure would assist users of financial statements in understanding how step acquisition transactions are reflected in reporting financial performance and financial position. Question B In applying the accumulated cost approach, any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration meets the definitions of income or expenses in the Conceptual Framework for Financial Reporting. Accordingly, the Committee concluded that, applying paragraph 88 of IAS 1, the entity recognises this difference in profit or loss, regardless of whether, before obtaining control, the entity had presented subsequent changes in fair value of the initial interest in profit or loss or other comprehensive income. For Question A, the Committee considered whether to develop a narrow-scope amendment to address how an entity determines the cost of an investment acquired in stages. The Committee observed that: a. it did not have evidence to assess whether the application of the two acceptable approaches to determining cost, outlined in this agenda decision, would have a material effect on those affected.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b. the matter could not be resolved without also considering the requirements in paragraph 10 of IAS 28 to initially measure an investment in an associate or joint venture at cost. The Committee did not obtain information to suggest that the Board should reconsider this aspect of IAS 28 at this stage, rather than as part of its wider consideration of IAS 28 within its research project on the Equity Method. On balance, the Committee decided not to undertake standard-setting to address Question A. For Question B, the Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine its accounting. Consequently, the Committee decided not to add these matters to its standard-setting agenda. Agenda paper 4B: Report to the Board In considering Question A, Committee members concluded that a reasonable reading of the requirements in IFRS Standards could result in application of either the fair value as deemed cost approach or the accumulated cost approach. However, in their view, the fair value as deemed cost approach would provide more useful information to users of financial statements than the accumulated cost approach.	
IAS 27	IAS 27 Consolidated and Separate Financial Statements and IFRS 10 Consolidated Financial Statements—Non-cash acquisition of a non-controlling interest by a controlling shareholder in the consolidated financial statements	See below (click link on left to access)	Jan-13
IAS 27	Merger between a Parent and Its Subsidiary in Separate Financial Statements	The Committee received a request about how a parent entity that prepares separate financial statements applying IAS 27 accounts for a merger with its subsidiary in its separate financial statements. Fact pattern In the fact pattern described in the request: a. a parent entity prepares separate financial statements applying IAS 27 and recognises an investment in a subsidiary applying paragraph 10 of IAS 27; b. the subsidiary contains a business (as defined by IFRS 3 Business Combinations); and	Jan-24

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		c. the parent entity merges with the subsidiary, resulting in the subsidiary's business becoming part of the parent entity (merger transaction). The request asked how the parent entity should account for the merger transaction in its separate financial statements. In particular, the request asked whether, in the context of the parent entity's separate financial statements, the merger transaction: a. constitutes a business combination as defined in IFRS 3 and consequently, whether an entity should apply the acquisition method (and related requirements) in IFRS 3; or b. should not be accounted for as a business combination. Applying this view, the parent entity—in its separate financial statements—recognises the subsidiary's assets and liabilities at previous carrying amounts. Findings Evidence gathered by the Committee indicates little, if any, diversity in determining whether to apply the acquisition method (and related requirements) in IFRS 3 to the merger transaction described in the request. In accounting for the merger transaction described in the request in their separate financial statements, parent entities generally do not apply the acquisition method (and related requirements) in IFRS 3. Conclusion Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
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IAS 28	IAS 28 - Investments in Associates - Potential effect of IFRS 3 Business Combination and IAS 27 Consolidated and Separate Financial Statements (as amended in 2008) on equity method accounting	The IFRIC staff noted that FASB's Emerging Issues Task Force (EITF) recently added to its agenda, EITF Issue No. 08-6 Equity Method Investment Accounting Considerations. This EITF addresses several issues resulting from recently concluded joint project by the IASB and FASB on accounting for business combinations and accounting and reporting for on-controlling interests that culminated in the issue of IFRS 3 (as revised in 2008) and IAS 27 (as amended in 2008) and FASB FAS 141(R) and SFAS 160. The IFRIC noted that IAS 28 provides explicit guidance on tow issues: 1) how an impairment assessment of an underlying indefinite-lived intangible asset of an equity method investment should be performed and 2) how to account for a change in an investment from the equity method to the cost method. Therefore, IFRIC does not expect divergence in practice and decided not to add these issues to its agenda.	Mar-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 28	IAS 28 Investments in Associates—Potential effect of IFRS 3 Business Combinations (as revised in 2008) and IAS 27 Consolidated and Separate Financial Statements (as amended in 2008) on equity method accounting	The IFRIC staff noted that the FASB's Emerging Issues Task Force (EITF) had added to its agenda EITF Issue No. 08-6 Equity Method Investment Accounting Considerations. EITF 08-6 addresses several issues resulting from the joint project by the IASB and FASB on accounting for business combinations and accounting and reporting for non-controlling interest that culminated in the issue of IFRS 3 (as revised in 2008) and IAS 27 (as amended in 2008) and SFAS 141(R) and SFAS 160. At its meeting in May 2009, the IFRIC deliberated two of the issues considered in EITF 08-6: • How the initial carrying amount of an equity method investment should be determined • How an equity method investee's issue of shares should be accounted for. The IFRIC noted that IFRSs consistently require assets not measured at fair value through profit or loss to be measured at initial recognition at cost. Generally stated, cost includes the purchase price and other costs directly attributable to the acquisition or issuance of the asset such as professional fees for legal services, transfer taxes and other transaction costs. Therefore, the cost of an investment in an associate at initial recognition determined in accordance with paragraph 11 of IAS 28 comprises its purchase price and any directly attributable expenditures necessary to obtain it. The IFRIC noted that paragraph 19A of IAS 28 provides guidance on the accounting for amounts recognised in other comprehensive income when the investor's ownership interest is reduced, but the entity retains significant influence. The IFRIC noted that there is no specific guidance on the recognition of a gain or loss resulting from a reduction in the investor's ownership interest resulting from the issue of shares by the associate. However, the IFRIC also noted that reclassification of amounts to profit or loss from other comprehensive income is generally required as part of determining the gain or loss on a disposal. Paragraph 19A of IAS 28 applies to all reductions in the investor's ownership interest, no matter the cause. The IFRIC concluded that the agenda criteria were not met mainly because, given the guidance in IFRSs, it did not expect divergent interpretations in practice. Therefore, the IFRIC decided not to add these issues to its agenda.	July-09
IAS 28	IAS 28 Investments in Associates—Venture capital consolidations and partial use of fair value through profit or loss	The IFRIC received a request to provide guidance on an issue arising from IAS 28. The issue relates to situations in which a group has an investment in an associate, one part of which is held by a subsidiary that is an investment-linked insurance fund (or mutual fund, unit trust or venture capital organisation). In its separate financial statements, in accordance with the scope exclusion in IAS 28, the investment-linked insurance fund subsidiary holding part of the investment in the associate has designated it at initial recognition as at fair value through profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The other part of the investment in the same associate is held by another group entity that accounts for its investment in accordance with IAS 28 using the equity method (or at cost, if certain conditions are met). The issue is whether both measurement bases can be used in the consolidated financial statements. Paragraph 6 of IAS 28 requires an entity to determine the existence of significant influence considering aggregate holdings, both direct and indirect. Paragraph 24 of IAS 27 Consolidated and Separate Financial Statements (as amended in 2008) requires consolidated financial statements to be prepared using uniform accounting policies for like transactions and other events in similar	July-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		circumstances. However, the IFRIC noted that some IFRSs allow different treatment of similar items when those items are used differently. For example, IAS 2 Inventories states that for inventories with a different nature or use, different cost formulas may be justified. The IFRIC noted that significant diversity exists in practice on this issue because of the apparently conflicting guidance within IAS 28 and between IAS 28 and other standards. Consequently, the IFRIC decided that it could be best resolved by referring it to the IASB. Therefore, the IFRIC decided not to add this issue to its agenda.	
IAS 28	IAS 28 Investments in Associates —Impairment of investments in associates	The IFRIC received a request to consider whether guidance was needed on how impairment of investments in associates should be determined in the separate financial statements of the investor. The IFRIC noted that IAS 36 Impairment of Assets provides clear guidance that its requirements apply to impairment losses of investments in associates when the associate is accounted for using the equity method. However, in its separate financial statements, the investor may account for its investment in an associate at cost. The IFRIC concluded that it is not clear whether in its separate financial statements the investor should determine impairment in accordance with IAS 36 or IAS 39 Financial Instruments: Recognition and Measurement. In view of the existing guidance in IFRSs, the IFRIC concluded that significant diversity is likely to exist in practice on this issue. The IFRIC decided that it could be best resolved by referring it to the IASB. Therefore, the IFRIC decided not to add this issue to its agenda.	July-09
IAS 28	IAS 28 Investment in Associates—equity method	The Interpretations Committee received a request to: - correct an unintended inconsistency between the requirements of paragraphs 2 and 11 of IAS 28 and IAS 1 Presentation of Financial Statements (revised 2007) regarding the description and application of the equity method. This inconsistency arose when IAS 1 made a consequential amendment to paragraph 11 of IAS 28 as part of the 2007 revision to IAS 1. - clarify the accounting for the investor's share of the other changes in the investee's net assets that are not the investor's share of the investee's profit or loss or other comprehensive income or that are not distributions received. For example, how to recognise the dilutive consequence for an investor of an associate of an increase in the percentage of ownership interest of another equity owner of the associate. The Committee decided to recommend that the Board should not add this issue to Annual Improvements, and instead, to recommend that this issue should be considered by the Board as part of a broader project to address other issues that have been brought to the Committee's attention relating to IAS 28.	May-11

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 28	IAS 28 Investment in Associates—Impairment of investments in associates in separate financial statements	In the July 2012 meeting, the Interpretations Committee received an update on the issues that have been referred to the IASB and that have not yet been addressed. The Interpretations Committee asked the staff to update the analysis and perform further outreach on an issue about the impairment of investments in associates in separate financial statements. More specifically, the issue is whether, in its separate financial statements, an entity should apply the provisions of IAS 36 Impairment of Assets or IAS 39 Financial Instruments: Recognition and Measurement to test its investments in subsidiaries, joint ventures, and associates carried at cost for impairment. The Interpretations Committee noted that according to paragraph 38 of IAS 27 Consolidated and Separate Financial Statements an entity, in its separate financial statements, shall account for investments in subsidiaries, joint ventures and associates either at cost or in accordance with IAS 39. The Interpretations Committee also noted that according to paragraphs 4 and 5 of IAS 36 and paragraph 2(a) of IAS 39, investments in subsidiaries, joint ventures, and associates that are not accounted for in accordance with IAS 39 are within the scope of IAS 36 for impairment purposes. Consequently, in its separate financial statements, an entity should apply the provisions of IAS 36 to test for impairment its investments in subsidiaries, joint ventures, and associates that are carried at cost in accordance with paragraph 38(a) of IAS 27 (2008) or paragraph 10(a) of IAS 27 Separate Financial Statements (2011). The Interpretations Committee concluded that in the light of the existing IFRS requirements an interpretation or an amendment to IFRSs was not necessary and consequently decided not to add this issue to its agenda.	Jan-13
IAS 28/ IFRS 3	IAS 28 Investments in Associates and Joint Ventures and IFRS 3 Business Combinations—Associates and common control	In October 2012, the Interpretations Committee received a request seeking clarification of the accounting for an acquisition of an interest in an associate or joint venture from an entity under common control. The submitter's question is whether it is appropriate to apply the scope exemption for business combinations under common control, which is set out in IFRS 3 Business Combinations, by analogy to the acquisition of an interest in an associate or joint venture under common control. The Interpretations Committee observed that paragraph 32 of IAS 28 Investments in Associates and Joint Ventures has guidance on the acquisition of an interest in an associate or joint venture and does not distinguish between acquisition of an investment under common control and acquisition of an investment from an entity that is not under common control. The Interpretations Committee also observed that paragraph 10 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires management to use its judgement in developing and applying an accounting policy only in the absence of a Standard that specifically applies to a transaction. The Interpretations Committee also observed that paragraph 26 of IAS 28 states that many of the procedures that are appropriate for the application of the equity method are similar to the consolidation procedures described in IFRS 10 Consolidated Financial Statements. That paragraph further states that the concepts underlying the procedures used in accounting for the acquisition of a subsidiary are also adopted in accounting for the acquisition of an investment in an associate or a joint venture. The Interpretations Committee also observed that paragraph 2(c) of IFRS 3 states that IFRS 3 does not apply to a combination of	May-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		entities or businesses under common control. The Interpretations Committee observed that some might read these paragraphs as contradicting the guidance in paragraph 32 of IAS 28, and so potentially leading to a lack of clarity. The Interpretations Committee was specifically concerned that this lack of clarity has led to diversity in practice for the accounting of the acquisition of an interest in an associate or joint venture under common control. The Interpretations Committee noted that accounting for the acquisition of an interest in an associate or joint venture under common control would be better considered within the context of broader projects on accounting for business combinations under common control and the equity method of accounting. The Interpretations Committee also noted that the IASB, in its May 2012 meeting, added a project on accounting for business combinations under common control as one of the priority research projects as well as a project on the equity method of accounting as one of the research activities to its future agenda. Consequently, the Interpretations Committee decided not to take this issue onto its agenda.	
IAS 28	IAS 28 Investments in Associates and Joint Ventures—Fund manager's assessment of significant influence	The Committee received a request to clarify whether a fund manager assesses significant influence over a fund that it manages and in which it has an investment, and, if so, how it makes this assessment. In the scenario described in the submission, the fund manager applies IFRS 10 Consolidated Financial Statements and determines that it is an agent and thus does not control the fund. The fund manager has also concluded that it does not have joint control of the fund. The Committee observed that a fund manager assesses whether it has control, joint control or significant influence over a fund that it manages applying the relevant IFRS Standard, which in the case of significant influence is IAS 28. The Committee noted that, unlike IFRS 10 in the assessment of control, IAS 28 does not address decision-making authority held in the capacity of an agent in the assessment of significant influence. When it issued IFRS 10, the Board did not change the definition of significant influence, nor any requirements on how to assess significant influence in IAS 28. The Committee concluded that requirements relating to decision-making authority held in the capacity of an agent could not be developed separately from a comprehensive review of the definition of significant influence in IAS 28. In addition, the Committee observed that paragraph 7(b) of IFRS 12 Disclosure of Interests in Other Entities requires an entity to disclose information about significant judgements and assumptions it has made in determining that it has significant influence over another entity. The examples in paragraph 9 of IFRS 12 clarify that the requirement in paragraph 7(b) of IFRS 12 applies both when an entity has determined that it has significant influence over another entity and when it has determined that it does not. The Committee concluded that it would be unable to resolve the question asked efficiently within the confines of existing IFRS Standards. Consequently, it decided not to add this matter to its standard-setting agenda. The matter will be reported to the Board for consideration as part of its equity method research project.	Mar-17
IAS 28	IAS 28 Investments in Associates and Joint Ventures—Acquisition of	The Committee discussed a request to clarify how to account for the acquisition of an interest in an associate or joint venture from an entity under common control. In particular, the submitter asked whether it is appropriate to apply by analogy the scope exception for business combinations under common control in paragraph 2(c) of IFRS 3 Business Combinations.	Jun-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	an associate or joint venture from an entity under common control	The Committee observed that IAS 28 does not include a scope exception for the acquisition of an interest in an associate or joint venture from an entity under common control. Accordingly, an entity applies the requirements in IAS 28 when it acquires such an interest. The Committee concluded that the entity does not apply by analogy the scope exception for business combinations under common control in IFRS 3. In doing so, the Committee noted that the requirements in paragraph 26 of IAS 28 on the procedures used in accounting for an interest in an associate or joint venture should not be used as a basis to apply paragraph 2(c) of IFRS 3 by analogy. The Committee observed that in accounting for the acquisition of the interest, the entity would assess whether the transaction includes a transaction with owners in their capacity as owners—if so, the entity determines the cost of the investment taking into account that transaction with owners. The Committee concluded that the requirements in IFRS Standards provide an adequate basis for an entity to account for the acquisition of an interest in an associate or joint venture from an entity under common control. Consequently, the Committee [decided] not to add this matter to its standard-setting agenda.	
IAS 28	IAS 28 Investments in Associates and Joint Ventures—Contributing property, plant and equipment to an associate	The Committee received a request about how an entity accounts for a transaction in which it contributes property, plant and equipment (PPE) to a newly formed associate in exchange for shares in the associate. In the fact pattern described in the request: a) three entities, collectively referred to as investors, set up a new entity. The investors are all controlled by the same government—ie they are under common control. b) the investors each contribute items of PPE to the new entity in exchange for shares in that entity. The PPE contributed by the investors is not a business (as defined in IFRS 3 <i>Business Combinations</i>). c) each investor has significant influence over the new entity. Accordingly, the new entity is an associate of each of the investors. The investors do not have control or joint control of the entity. d) the transaction is carried out on terms equivalent to those that would prevail in an orderly transaction between market participants. The request asked: a) about the application of IFRS Standards to transactions involving entities under common control (common control transactions)—ie whether IFRS Standards provide a general exception or exemption from applying the requirements in a particular Standard to common control transactions (Question A). b) whether an investor recognises any gain or loss on contributing PPE to the associate to the extent of other investors' interests in the associate (Question B).	Jan-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		c) how an investor determines the gain or loss on contributing PPE to the associate and the cost of its investment in the associate. In particular, the request asked whether the cost of each investor's investment in the associate is based on the fair value of the PPE contributed or the fair value of the acquired interest in the associate (Question C). In analysing the request, the Committee assumed the contribution of PPE to the associate has commercial substance as described in paragraph 25 of IAS 16 <i>Property, Plant and Equipment</i>. Question A Paragraph 7 of IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> requires an entity to apply an IFRS Standard to a transaction when that Standard applies specifically to the transaction. The Committee observed, therefore, that unless a Standard specifically excludes common control transactions from its scope, an entity applies the applicable requirements in the Standard to common control transactions. Question B Paragraph 28 of IAS 28 requires an entity to recognise gains and losses resulting from upstream and downstream transactions with an associate only to the extent of unrelated investors' interests in the associate. Paragraph 28 includes as an example of a downstream transaction the contribution of assets from an entity to its associate. The Committee observed that the term 'unrelated investors' in paragraph 28 of IAS 28 refers to investors other than the entity (including its consolidated subsidiaries)—ie the word 'unrelated' does not mean the opposite of 'related' as it is used in the definition of a related party in IAS 24 <i>Related Party Disclosures</i>. This is consistent with the premise that financial statements are prepared from the perspective of the reporting entity, which in the fact pattern described in the request is each of the investors. Accordingly, the Committee concluded that an entity recognises any gain or loss on contributing PPE to an associate to the extent of other investors' interests in the associate. Question C This question has an effect only if the fair value of the PPE contributed differs from the fair value of the equity interest in the associate received in exchange for that PPE. The Committee observed that in the fact pattern described in the request, it would generally expect the fair value of PPE contributed to be the same as the fair value of the equity interest in the associate that an entity receives in exchange. If there is initially any indication that the fair value of the PPE contributed might differ from the fair value of the acquired equity interest, the investor first assesses the reasons for this difference and reviews the procedures and assumptions it has used to determine fair value. The Committee observed that applying the requirements in IFRS Standards, an entity recognises a gain or loss on contributing PPE and a carrying amount for the investment in the associate that reflects the determination of those amounts based on the fair	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		value of the PPE contributed—unless the transaction provides objective evidence that the entity's interest in the associate might be impaired. If this is the case, the investor also considers the impairment requirements in IAS 36 Impairment of Assets. If, having reviewed the procedures and assumptions used to determine fair value, the fair value of the PPE is more than the fair value of the acquired interest in the associate, this would provide objective evidence that the entity's interest in the associate might be impaired. For all three questions, the Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to account for the contribution of PPE to an associate in the fact pattern described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
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IAS 29	IAS 29 Financial Reporting in Hyperinflationary Economies—applicability of the concept of financial capital maintenance defined in terms of constant purchasing power units	The Interpretations Committee considered the following two questions: - whether an entity is permitted to use the financial capital maintenance concept defined in terms of constant purchasing power units that is described in the Conceptual Framework for Financial Reporting when the entity's functional currency is not the currency of a hyperinflationary economy as described in IAS 29 Financial Reporting in Hyperinflationary Economies; and - if such use is permitted, whether the entity needs to apply IAS 29 to its financial statements prepared using a specific model of that concept of financial capital maintenance when it falls within the scope of IAS 29. The Interpretations Committee observed that the guidance in the Conceptual Framework is written to assist the IASB in the development of Standards. It is also used in the development of an accounting policy only when no Standards specifically apply to a particular transaction, other event or condition, or deal with similar and related issues. Consequently the guidance in the Conceptual Framework relating to the use of a particular capital maintenance concept cannot be used to override the requirements of any Standard, and an entity is not permitted to apply a concept of capital maintenance that conflicts with the existing requirements in a particular Standard, when applying that Standard. In addition, the Interpretations Committee noted that the results of the outreach indicate that these issues are not widespread. For this reason the Interpretations Committee decided not to add these issues to its agenda.	Jan-14
IAS 29	Assessing Indicators of Hyperinflationary Economies (IAS 29)	The Committee received a request about applying IAS 29 to identify when an economy becomes hyperinflationary. The request asked: whether all indicators in paragraph 3 of IAS 29 should be considered in assessing when an economy becomes hyperinflationary, including whether to continue to consider all indicators even when one indicator in paragraph 3 has been met;	Jul-25

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b) whether IAS 29 requires the consideration of indicators other than those listed in paragraph 3 of IAS 29 if relevant; and c) whether IAS 29 requires both a subsidiary (in its financial statements) and a parent (in its consolidated financial statements) to reach the same conclusion on when an economy becomes hyperinflationary. Findings Evidence gathered by the Committee indicates little, if any, diversity in understanding the requirements for assessing when an economy becomes hyperinflationary. According to the evidence, stakeholders: a) do not conclude that an economy becomes hyperinflationary based solely on one of the indicators listed in paragraph 3 of IAS 29; b) consider indicators other than those listed in paragraph 3 of IAS 29 when relevant; and c) do not reach different conclusions for different levels within a group when preparing financial statements using the same basis of preparation. Evidence gathered by the Committee indicates that stakeholders use judgement in assessing the indicators in paragraph 3 of IAS 29 and might assign different weights to those, or other, indicators. Conclusion Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
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IAS 32	IAS 32 - Convertible instruments denominated in a foreign currency	The IFRIC discussed a request for guidance on the classification of the written option in a convertible bond denominated in a foreign currency (a currency other than the functional currency of the entity issuing the bond) ie a written option to exchange a fixed number of its own equity instruments for a fixed amount of cash that is denominated in a foreign currency. The IFRIC noted that although the issue has been raised in the context of a convertible bond it applies equally to freestanding instruments, ie to all contracts entered into by an entity to exchange a fixed number of its own equity instruments for a fixed amount of cash that is denominated in a foreign currency. The IFRIC also noted that the question of determining classification of such instruments as liabilities or equity depends upon whether a fixed amount of a foreign currency represents a fixed amount of cash or other financial asset. The IFRIC noted that although this matter is not directly addressed in IAS 32, it is clear that when the question is considered in conjunction with guidance in other Standards, particularly IAS 39 Financial Instruments: Recognition and Measurement, any obligation denominated in a foreign currency represents a variable amount of cash. This is evidenced by the fact that IAS 39	Apr-05

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		allows cash flow hedge accounting for transactions denominated in a foreign currency because such transactions expose the entity to variability in cash flows. Consequently, the IFRIC noted that contracts that will be settled by an entity by delivering a fixed number of its own equity instruments in exchange for a fixed amount of foreign currency should be classified as liabilities. The IFRIC decided that it would not take this submission onto its agenda and will discuss a draft reason for rejection at the next IFRIC meeting. However IFRIC members also noted that the resulting accounting of reporting such contracts at fair value through profit or loss resulted in reporting gains and losses on what is arguably own equity in profit and loss, along with gains and losses arising from changes in foreign exchange rates. IFRIC was advised that the Board was considering similar issues in its project on equity instruments that are puttable at fair value of the residual interest of the issuer . In view of this, and also at the request of the IASB Strategy Committee, the IFRIC decided to explore possible amendments to the Standard and seek to develop a proposed amendment, if possible, that it could recommend to the Board to address the issue. UPDATE: The IASB decided in September 2005 not to proceed with any amendments to IAS 32 Financial Instruments: Presentation in connection with convertible instruments issued by an entity in a currency other than the functional currency of the entity. In making this decision, the IASB noted that the proposed amendment would result in equity and foreign exchange features whose value are interdependent being recognised in equity. The Board observed that excluding from equity the value attributable to the foreign exchange features would require arbitrary rules. The Board also noted that allowing dual indexed contracts (to share price and foreign exchange rates) to be classified as equity would require additional and detailed guidance to avoid structuring opportunities aimed at obtaining a desired accounting result. In October 2009, however, the IASB published 'Classification of Rights Issues (Amendment to IAS 32)'. The publication is a narrow Amendment which alters IAS 32 Financial Instruments: Presentation so that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own (non-derivative) equity instruments.	
IAS 32	IAS 32 - Employee long service leave	The IFRIC considered whether a liability for long service leave falls within IAS 19 or whether it is a financial liability within the scope of IAS 32. The IFRIC noted that IAS 19 indicates that employee benefit plans include a wide range of formal and informal arrangements. It is therefore clear that the exclusion of employee benefit plans from IAS 32 includes all employee benefits covered by IAS 19. The IFRIC decided that, since the Standard is clear, it would not expect diversity in practice and would not take this item onto its agenda.	Nov-05

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 32	IAS 32 - Changes in the contractual terms of an existing equity instrument resulting in it being reclassified to financial liability	The IFRIC was asked to consider a situation in which an amendment to the contractual terms of an equity instrument resulted in the instrument being classified as a financial liability of the issuer. Two issues were discussed: (i) on what basis the financial liability should be measured at the date when the terms were changed and (ii) how any difference between the carrying amount of the previously recognised equity instrument and the amount of the financial liability recognised at the date when the terms were changed should be accounted for. The IFRIC noted that at the time when the contractual terms were changed, a financial liability was initially recognised, and, furthermore, that a financial liability on initial recognition is measured at its fair value in accordance with paragraph 43 of IAS 39 Financial Instruments: Recognition and Measurement. The IFRIC observed that Example 3 of IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments deals with a similar situation. In that example, at the time when the financial liabilities are recognised, when the terms are changed, they are recognised at their fair value. The IFRIC observed that the change in the terms of the instrument gave rise to derecognition of the original equity instrument. The IFRIC noted that paragraph 33 of IAS 32 Financial Instruments: Presentation states that no gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. The IFRIC, therefore, believed that, at the time when the terms were changed, the difference between the carrying amount of the equity instrument and the fair value of the newly recognised financial liability should be recognised in equity. The IFRIC believed that the requirements of IFRS, taken as a whole, were sufficiently clear and that the issue was not expected to have widespread relevance in practice. The IFRIC, therefore, decided that the issue should not be taken onto the agenda.	Nov-06
IAS 32	IAS 32 - Classification of a financial instrument as liability or equity	At its meeting in March 2006, the IFRIC discussed a submission for a possible agenda item relating to the role of contractual obligations and economic compulsion in the classification of financial instruments. At that meeting and the following meeting in May, the IFRIC agreed not to take the item onto the agenda but did not agree on reasons to be given for that decision. At the IFRIC meeting in July, the Chairman reported the Board's discussions on the issue at its meeting in June 2006. The Board discussed whether so-called economic compulsion should affect the classification of a financial instrument (or a component of a financial instrument) under IAS 32 Financial Instruments: Presentation. This issue had previously been debated at the IFRIC meetings in March and May 2006. For a financial instrument (or a component of a financial instrument) to be classified as a financial liability under IAS 32, the issuer must have a contractual obligation either: • to deliver cash or another financial asset to the holder of the instrument, or • to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the issuer.	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		(Different requirements apply to financial instruments that may or will be settled in the issuer's own equity instruments.) The Board confirmed that such a contractual obligation could be established explicitly or indirectly, but it must be established through the terms and conditions of the instrument. Thus, by itself, economic compulsion would not result in a financial instrument being classified as a liability under IAS 32. The Board also stressed that IAS 32 requires an assessment of the substance of the contractual arrangement. It does not, however, require or permit factors not within the contractual arrangement to be taken into consideration in classifying a financial instrument. In view of the Board's discussion, the IFRIC believed that it could not achieve anything substantial by adding the issue onto the agenda. Instead, the IFRIC agreed to draw the Board's attention to comments raised by constituents and to ask the Board whether anything could be done to achieve even greater clarity on this point.	
IAS 32	IAS 32 - Foreign currency instruments exchangeable into equity instruments of the parent entity of the issuer	At its meeting in April 2005, the IFRIC concluded that derivative contracts that may be settled by an entity by delivering a fixed number of its own equity instruments in exchange for a fixed amount of foreign currency are financial liabilities. At the same time, the IFRIC recommended that the issue should be referred to the Board. However, the Board, in September 2005, decided not to proceed with any amendments to IAS 32 Financial Instruments: Presentation in connection with convertible instruments issued by an entity in a currency other than the functional currency of the entity. (see above for update on this decision) Subsequently, the IFRIC was asked to consider a question relating to the issue by a subsidiary of financial instruments that provide holders with the rights to exchange the financial instruments into a fixed number of equity instruments of the parent at a fixed amount of currency. Variants considered were that the amount of currency is fixed if it is denominated in (i) the functional currency of the issuer of the exchangeable financial instruments or (ii) the functional currency of the issuer of the equity instruments. The question was whether the conversion options embedded in the exchangeable financial instruments should be classified as equity in the consolidated financial statements of the parent in accordance with IAS 32 Financial Instruments: Presentation. The IFRIC noted that a group does not have a functional currency. It therefore discussed whether it should add a project to its agenda to address which functional currency should be the reference point in determining whether or not the embedded conversion options are equity instruments. The IFRIC believed that the question was sufficiently narrow that it is not expected to have widespread relevance in practice. The IFRIC, therefore, decided not to take the matter onto the agenda.	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 32	IAS 32 - Puts and forwards held by minority interests	The IFRIC considered a request for clarification of the accounting when a parent entity has entered into a forward to acquire the shares held by the [non-controlling] minority interest in a subsidiary or the holder of the [non-controlling] minority interest can put its shares to the parent entity. Paragraph 23 of IAS 32 states that a parent must recognise a financial liability when it has an obligation to pay cash in the future to purchase the minority's shares, even if the payment of that cash is conditional on the option being exercised by the holder. After initial recognition any liability to which IFRS 3 is not being applied will be accounted for in accordance with IAS 39. The parent will reclassify the liability to equity if a put expires unexercised. The IFRIC agreed that there is likely to be divergence in practice in how the related equity is classified. However, the IFRIC did not believe that it could reach a consensus on this matter on a timely basis. Accordingly, the IFRIC decided not to add this item to its agenda.	Nov-06
IAS 32 / IAS 37	IAS 37 - Deposits on returnable containers	See above (click on link on left to access)	May-08
IAS 32	IAS 32 - Transaction costs to be deducted from equity	The IFRIC received a request for guidance on the extent of transaction costs to be accounted for as a deduction from equity in accordance with IAS 32 paragraph 37 and on how the requirements of IAS 32 paragraph 38 to allocate transaction costs that relate jointly to one or more transaction should be applied. This issue relates specifically to the meaning of the terms 'incremental' and 'directly attributable'. The IFRIC noted that only incremental costs directly attributable to issuing new equity instruments or acquiring previously outstanding equity instruments are related to an equity transaction in accordance with IAS 32. The IFRIC also noted that judgement will be required to determine which costs are related solely to other activities undertaken at the same time as issuing equity, such as becoming a public company or acquiring an exchange listing, and which are costs that relate jointly to both activities that must be allocated in accordance with paragraph 38. In view of the existing guidance, the IFRIC decided not to add this issue to its agenda. However, the IFRIC also noted that the terms 'incremental' and 'directly attributable' are used with similar but not identical meanings in many Standards and Interpretations. The IFRIC recommended that common definitions should be developed for both terms and added to the Glossary as part of the Board's annual improvements project.	Sep-08
IAS 32	IAS 32 - Classification of puttable and perpetual instruments	The IFRIC received a request for guidance on the application of paragraph 16A(c) of IAS 32, which states that 'All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.' The request asked for guidance on the classification of an entity's puttable instruments that are subordinate to all other classes of instruments when the entity also has perpetual instruments that are classified as equity.	Mar-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC noted that a financial instrument is first classified as a liability or equity instrument in accordance with the general requirements of IAS 32. That classification is not affected by the existence of puttable instruments. As a second step, if a final instrument would meet the general definition of a liability because it is puttable to the issuer, the entity considers the conditions in paragraphs 16A and 16 B of IAS 32 to determine whether it should be classified as equity. Consequently, the IFRIC noted that IAS 32 does not preclude existence of several classes of equity. The IFRIC further notes that paragraph 16A(c) applies only to 'instruments in the class of instruments that is subordinate to all other classes of instruments. Paragraph 16A(b) specifies that the level of an instrument's subordination is determined by its priority in liquidation. Accordingly, the existence of the put does not itself imply that the puttable instruments are less subordinate than the perpetual items. Given the requirements in IAS 32, the IFRIC did not expect significant diversity in practice to develop. Therefore, the IFRIC decided not to add this issue to its agenda.	
IAS 32	IFRS 4 and IAS 32 - Scope issue for REITs	See above (click link on left to access)	Jan-10
IAS 32	IAS 32 - Application of the 'fixed for fixed' condition	The IFRIC received requests for guidance on the application of paragraph 22 of IAS 32 which states that 'except as stated in paragraph 22A, a contract that will be settled by the entity (receiving or) delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument' (often referred to as the 'fixed-for-fixed' condition). The IFRIC identified that diversity may exist in practice in the application of the fixed-for-fixed condition to other situations in addition to the specific situations identified in the requests. The IFRIC noted that the Board is currently undertaking a project to improve and simplify the financial reporting requirements for financial instruments with characteristics of equity. A key objective of this project is to develop a better distinction between equity and non-equity instruments. This includes consideration of the current fixed-for-fixed condition in IAS 32. Consequently, the IFRIC concluded that the Board's current project on Financial Instruments with Characteristics of Equity is expected to address issues relating to the fixed-for-fixed condition on a timely basis. Consequently, the IFRIC decided not to add this issue to its agenda.	Jan-10
IAS 32	IAS 32 Financial Instruments: Presentation—Shareholder discretion	The IFRIC received a request for guidance on whether a financial instrument, in the form of a preference share that includes a contractual obligation to deliver cash, is a financial liability or equity, if the payment is at the ultimate discretion of the issuer's shareholders. The IFRIC noted that paragraph AG26 of IAS 32 identifies that when distributions to holders of preference shares are at the discretion of the issuer, the shares are equity instruments.	Mar-10

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC identified that diversity may exist in practice in assessing whether an entity has an unconditional right to avoid delivering cash if the contractual obligation is at the ultimate discretion of the issuer's shareholders, and consequently whether a financial instrument should be classified as a financial liability or equity. The IFRIC noted that the Board is currently undertaking a project to improve and simplify the financial reporting requirements for financial instruments with characteristics of equity. The main objectives of this project are to develop a better distinction between equity and non-equity instruments and converge IFRSs and US GAAP. Consequently, the IFRIC recommended that the Board address this issue as part of its current project on Financial Instruments with Characteristics of Equity. The Board's project is expected to address the distinction between equity and non-equity instruments in a shorter period than the IFRIC would require to complete its due process. Therefore, the IFRIC decided not to add this issue to its agenda.	
IAS 32	IAS 32 Financial Instruments: Presentation—Classification of financial instruments that give the issuer the contractual right to choose the form of settlement	The Interpretations Committee received a request to clarify how an issuer would classify three financial instruments in accordance with IAS 32 Financial Instruments: Presentation. None of the financial instruments had a maturity date but each gave the holder the contractual right to redeem at any time. The holder's redemption right was described differently for each of the three financial instruments; however in each case the issuer had the contractual right to choose to settle the instrument in cash or a fixed number of its own equity instruments if the holder exercised its redemption right. The issuer was not required to pay dividends on the three instruments but could choose to do so at its discretion. The Interpretations Committee noted that paragraph 15 of IAS 32 requires the issuer of a financial instrument to classify the instrument in accordance with the substance of the contractual arrangement. Consequently, the issuer cannot achieve different classification results for financial instruments with the same contractual substance simply by describing the contractual arrangements differently. Paragraph 11 in IAS 32 sets out the definitions of both a financial liability and an equity instrument. Paragraph 16 describes in more detail the circumstances in which a financial instrument meets the definition of an equity instrument. The Interpretations Committee noted that a non-derivative financial instrument that gives the issuer the contractual right to choose to settle in cash or a fixed number of its own equity instruments meets the definition of an equity instrument in IAS 32 as long as the instrument does not establish an obligation to deliver cash (or another financial asset) indirectly through its terms and conditions. Paragraph 20(b) of IAS 32 provides the example that an indirect contractual obligation would be established if a financial instrument provides that on settlement the entity will deliver either cash or its own equity instruments whose value is determined to exceed substantially the value of the cash. The Committee also acknowledged that financial instruments, in particular those that are more structured or complex, require careful analysis to determine whether they contain equity and non-equity components that must be accounted for separately in accordance with IAS 32. The Interpretations Committee noted that if the issuer has a contractual obligation to deliver cash, that obligation meets the definition of a financial liability.	Sep-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee considered that in the light of its analysis of the existing IFRS requirements, an interpretation was not necessary and consequently decided not to add the issue to its agenda.	
IAS 32	IAS 32 Financial Instruments: Presentation—a financial instrument that is mandatorily convertible into a variable number of shares (subject to a cap and a floor) but gives the issuer the option to settle by delivering the maximum (fixed) number of shares	The Interpretations Committee discussed how an issuer would assess the substance of a particular early settlement option included in a financial instrument in accordance with IAS 32 Financial Instruments: Presentation. The instrument has a stated maturity date and at maturity the issuer must deliver a variable number of its own equity instruments to equal a fixed cash amount, subject to a cap and a floor. The cap and the floor limit and guarantee, respectively, the number of equity instruments to be delivered. The issuer is required to pay interest at a fixed rate. The issuer has the contractual right to settle the instrument at any time before maturity. If the issuer chooses to exercise that early settlement option, it must: (a) deliver the maximum number of equity instruments specified in the contract; and (b) pay in cash all of the interest that would have been payable if the instrument had remained outstanding until its maturity date. The Interpretations Committee noted that the definitions of financial asset, financial liability and equity instrument in IAS 32 are based on the financial instrument's contractual rights and contractual obligations. However, paragraph 15 of IAS 32 requires the issuer of a financial instrument to classify the instrument in accordance with the substance of the contractual arrangement. Consequently, the Interpretations Committee noted that if a contractual term of a financial instrument lacks substance, that contractual term would be excluded from the classification assessment of the instrument. The Interpretations Committee noted that the issuer cannot assume that a financial instrument (or its components) meets the definition of an equity instrument simply because the issuer has the contractual right to settle the financial instrument by delivering a fixed number of its own equity instruments. The Interpretations Committee noted that judgement will be required to determine whether the issuer's early settlement option is substantive and thus should be considered in determining how to classify the instrument. If the early settlement option is not substantive, that term would not be considered in determining the classification of the financial instrument. The Interpretations Committee noted that the guidance in paragraph 20(b) of IAS 32 is relevant because it provides an example of a situation in which one of an instrument's settlement alternatives is excluded from the classification assessment. Specifically, the example in that paragraph describes an instrument that the issuer will settle by delivering either cash or its own shares and states that one of the settlement alternatives should be excluded from the classification assessment in some circumstances. The Interpretations Committee noted that to determine whether the early settlement option is substantive, the issuer will need to understand whether there are actual economic or other business reasons that the issuer would exercise the option. In making that assessment, the issuer could consider, along with other factors, whether the instrument would have been priced differently if the issuer's early settlement option had not been included in the contractual terms. The Interpretations Committee also noted that	Jan-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		factors such as the term of the instrument, the width of the range between the cap and the floor, the issuer's share price and the volatility of the share price could be relevant to the assessment of whether the issuer's early settlement option is substantive. For example, the early settlement option may be less likely to have substance— especially if the instrument is short-lived—if the range between the cap and the floor is wide and the current share price would equate to the delivery of a number of shares that is close to the floor (ie the minimum). That is because the issuer may have to deliver significantly more shares to settle early than it may otherwise be obliged to deliver at maturity. The Interpretations Committee considered that in the light of its analysis of the existing IFRS requirements, neither an interpretation nor an amendment to a Standard was necessary and consequently decided not to add the issue to its agenda.	
IAS 32	IAS 32 Financial Instruments: Presentation—classification of a financial instrument that is mandatorily convertible into a variable number of shares upon a contingent 'non-viability' event	The Interpretations Committee discussed how an issuer would classify a particular mandatorily convertible financial instrument in accordance with IAS 32 Financial Instruments: Presentation. The financial instrument did not have a stated maturity date but was mandatorily convertible into a variable number of the issuer's own equity instruments if the issuer breached the Tier 1 Capital ratio (ie described as a 'contingent nonviability event'). The financial instrument is issued at par and the value of the equity instruments that will be delivered at conversion is equal to that fixed par amount. Interest payments on the instrument are payable at the discretion of the issuer. Specifically the Interpretations Committee discussed the following issues: (a) whether the financial instrument meets the definition of a financial liability in its entirety or must be classified as a compound instrument comprised of a liability component and an equity component (and, in the latter case, what those components reflect); and (b) how the financial liability (or liability component) identified above in bullet a. would be measured. The Interpretations Committee decided not to add this issue to its agenda. The Interpretations Committee noted that the scope of the issues raised in the submission is too broad for it to address in an efficient manner.	Jan-14
IAS 32	IAS 32 Financial Instruments: Presentation—accounting for a financial instrument that is mandatorily convertible into a variable number of	The Interpretations Committee discussed how an issuer would account for a particular mandatorily convertible financial instrument in accordance with IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments. The financial instrument has a stated maturity date and, at maturity, the issuer must deliver a variable number of its own equity instruments to equal a fixed cash amount—subject to a cap and a floor, which limit and guarantee, respectively, the number of equity instruments to be delivered. The Interpretations Committee noted that the issuer's obligation to deliver a variable number of the entity's own equity instruments is a non-derivative that meets the definition of a financial liability in paragraph 11(b)(i) of IAS 32 in its entirety. Paragraph 11(b)(i) of the definition of a liability does not have any limits or thresholds regarding the degree of variability that is required. Therefore,	May-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	shares subject to a cap and a floor	the contractual substance of the instrument is a single obligation to deliver a variable number of equity instruments at maturity, with the variation based on the value of those equity instruments. Such a single obligation to deliver a variable number of own equity instruments cannot be subdivided into components for the purposes of evaluating whether the instrument contains a component that meets the definition of equity. Even though the number of equity instruments to be delivered is limited and guaranteed by the cap and the floor, the overall number of equity instruments that the issuer is obliged to deliver is not fixed and therefore the entire obligation meets the definition of a financial liability. Furthermore, the Interpretations Committee noted that the cap and the floor are embedded derivative features whose values change in response to the price of the issuer's equity share. Therefore, assuming that the issuer has not elected to designate the entire instrument under the fair value option, the issuer must separate those features and account for the embedded derivative features separately from the host liability contract at fair value through profit or loss in accordance with IAS 39 or IFRS 9. The Interpretations Committee considered that in the light of its analysis of the existing IFRS requirements, an Interpretation was not necessary and consequently decided not to add the issue to its agenda.	
IAS 32	IAS 32 Financial Instruments: Presentation—Classification of liability for a prepaid card in the issuer's financial statements	The Interpretations Committee received a request to clarify how an entity classifies the liability that arises when it issues a prepaid card in exchange for cash and how the entity accounts for any unspent balance on such a card. Specifically, the Interpretations Committee discussed a prepaid card with the following features: a) no expiry date and no back-end fees, which means that any balance on the prepaid card does not reduce unless it is spent by the cardholder; b) non-refundable, non-redeemable and non-exchangeable for cash; c) redeemable only for goods or services to a specified monetary amount; d) redeemable only at specified third-party merchants that, depending upon the card programme, range from a single merchant to all merchants that accept a specific card network. Upon redemption by the cardholder at a merchant(s) for goods or services, the entity delivers cash to the merchant(s). The Interpretations Committee was asked to consider whether the liability for the prepaid card is a non-financial liability on the basis that the entity does not have an obligation to deliver cash to the cardholder. The Interpretations Committee observed that the entity's liability for the prepaid card meets the definition of a financial liability. This is because the entity: a) has a contractual obligation to deliver cash to the merchants on behalf of the cardholder, which is conditional upon the cardholder using the prepaid card to purchase goods or services; and b) does not have an unconditional right to avoid delivering cash to settle this contractual obligation.	Mar-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Consequently, an entity that issues such a card applies the requirements in IFRS 9 Financial Instruments (IAS 39 Financial Instruments: Recognition and Measurement) to account for the financial liability for the prepaid card. The Interpretations Committee noted that customer loyalty programmes were outside the scope of its discussion on this issue. In the light of the existing requirements in IAS 32 Financial Instruments: Presentation and IFRS 9 (IAS 39), the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 32	IAS 32 Financial Instruments: Presentation—Offsetting and cash-pooling arrangements	The Interpretations Committee received a request to clarify an issue related to IAS 32 <i>Financial Instruments: Presentation</i>. The issue relates to whether a particular cash-pooling arrangement would meet the requirements for offsetting in accordance with IAS 32—specifically, whether the regular physical transfers of balances (but not at the reporting date) into a netting account would be sufficient to demonstrate an intention to settle the entire period-end account balances on a net basis in accordance with paragraph 42(b) of IAS 32. For the purposes of the analysis, the Interpretations Committee considered the specific example included in the request, which describes a cash-pooling arrangement involving subsidiaries within a group, each of which have legally separate bank accounts. At the reporting date, the group has the legally enforceable right to set off balances in these bank accounts in accordance with paragraph 42(a) of IAS 32. Interest is calculated on a notional basis using the net balance of all the separate bank accounts. In addition, the group instigates regular physical transfers of balances into a single netting account. However, such transfers are not required under the terms of the cash-pooling arrangement and are not performed at the reporting date. Furthermore, at the reporting date, the group expects that its subsidiaries will use their bank accounts before the next net settlement date, by placing further cash on deposit or by withdrawing cash to settle other obligations. In considering whether the group could demonstrate an intention to settle on a net basis in accordance with paragraph 42(b) of IAS 32, the Interpretations Committee observed that: a) paragraph 46 of IAS 32 states that net presentation more appropriately reflects the amounts and timings of the expected future cash flows only when there is an intention to exercise a legally enforceable right to set off; and b) in accordance with paragraph 47 of IAS 32, when assessing whether there is an intention to settle net, an entity considers normal business practices, the requirements of the financial markets and other circumstances that may limit the ability to settle net. Consequently, within the context of the particular cash-pooling arrangement described by the submitter, the Interpretations Committee noted that the group should consider the principles above in order to assess whether, at the reporting date, there is an intention to settle its subsidiaries' bank account balances on a net basis or whether the intention is for its subsidiaries to use those individual bank account balances for other purposes before the next net settlement date. In this regard, the Interpretations Committee observed that the group expects cash movements to take place on individual bank accounts before the next net	Mar-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		settlement date because the group expects its subsidiaries to use those bank accounts in their normal course of business. Consequently, the Interpretations Committee noted that, to the extent to which the group did not expect to settle its subsidiaries' period-end account balances on a net basis, it would not be appropriate for the group to assert that it had the intention to settle the entire period-end balances on a net basis at the reporting date. This is because presenting these balances net would not appropriately reflect the amounts and timings of the expected future cash flows, taking into account the group's and its subsidiaries' normal business practices. However, the Interpretations Committee also observed that in other cash-pooling arrangements, a group's expectations regarding how subsidiaries will use their bank accounts before the next net settlement date may be different. Consequently it was noted that, in those circumstances, the group would be required to apply judgement in determining whether there was an intention to settle on a net basis at the reporting date. The Interpretations Committee also observed that the results of the outreach did not suggest that the particular type of cash-pooling arrangement described by the submitter was widespread. Furthermore, it was noted that many different types of cash-pooling arrangements exist in practice. Consequently, the determination of what constitutes an intention to settle on a net basis would depend on the individual facts and circumstances of each case. The Interpretations Committee further noted that an entity should also consider the disclosure requirements related to offsetting of financial assets and financial liabilities in the applicable IFRS Standards. In the light of this and the existing requirements in IFRS Standards, the Interpretations Committee decided that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 32	IAS 32 Financial Instruments: Presentation—Written put options over non-controlling interests to be settled by a variable number of the parent's shares (Agenda Paper 9)	The Interpretations Committee received a request regarding how an entity accounts for a written put option over non-controlling interests (NCI put) in its consolidated financial statements. The NCI put has a strike price that will, or may, be settled by the exchange of a variable number of the parent's own equity instruments. Specifically, the Interpretations Committee was asked to consider whether, in its consolidated financial statements, the parent: a) applies paragraph 23 of IAS 32 and, therefore, recognises a financial liability representing the present value of the option's strike price—in other words, a gross liability; or b) does not apply paragraph 23 of IAS 32 and, therefore, recognises a derivative financial liability presented on a net basis measured at fair value. The Interpretations Committee was also asked whether the parent applies the same accounting for NCI puts for which the parent has the choice to settle the exercise price either in cash or by way of a variable number of its own equity instruments to the same value. The Interpretations Committee observed that, in the past, it had discussed issues relating to NCI puts that are settled in cash. Those issues were referred to the Board and are being considered as part of the Financial Instruments with Characteristics of Equity project.	Nov-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee noted that: a) on the basis of its previous discussions, the issue is too broad for the Interpretations Committee to address efficiently within the confines of existing IFRS Standards; and b) the Board is currently considering the requirements for all derivatives on an entity's own equity comprehensively as part of the Financial Instruments with Characteristics of Equity project. For these reasons, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 32	IAS 32 Financial Instruments: Presentation—Centrally cleared client derivatives	Some jurisdictions mandate the clearing of particular derivative products through a central clearing counterparty (CCP). To clear through a CCP, an entity must be a clearing member (sometimes referred to as a 'clearing broker'). The types of products required to be cleared, and the surrounding legal framework, vary across jurisdictions. The Committee received a request to clarify the accounting for centrally cleared client derivative contracts from the perspective of the clearing member. The Committee concluded that the clearing member first applies the requirements for financial instruments. More specifically, the Committee observed that: a) if the transaction(s) results in contracts that are within the scope of IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement), then the clearing member applies the recognition requirements in paragraph 3.1.1 of IFRS 9 (paragraph 14 of IAS 39) to those contracts. The clearing member presents assets and liabilities separately applying IFRS 9 (or IAS 39) in the statement of financial position, unless net presentation is required pursuant to the offsetting requirements in paragraph 42 of IAS 32. b) if the transaction(s) is not within the scope of IFRS 9 (IAS 39) and another IFRS Standard does not specifically apply, only then would the clearing member apply the hierarchy in paragraphs 10–12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to determine an appropriate accounting policy for the transaction(s). The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for a clearing member to account for centrally cleared client derivative contracts. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	Jun-17
IAS 32	Accounting for Warrants that are Classified as Financial Liabilities on Initial Recognition	The Committee received a request about the application of IAS 32 in relation to the reclassification of warrants. Specifically, the request described a warrant that provides the holder with the right to buy a fixed number of equity instruments of the issuer of the warrant for an exercise price that will be fixed at a future date. At initial recognition, because of the variability in the exercise price, the issuer in applying paragraph 16 of IAS 32 classifies these instruments as financial liabilities. This is because for a derivative financial instrument to be classified as equity, it must be settled by the issuer exchanging	Oct-21

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a fixed amount of cash or another financial asset for a fixed number of its own equity instruments ('fixed-for-fixed condition'). The request asked whether the issuer reclassifies the warrant as an equity instrument following the fixing of the warrant's exercise price after initial recognition as specified in the contract, given that the fixed-for-fixed condition would at that stage be met. The Committee observed that IAS 32 contains no general requirements for reclassifying financial liabilities and equity instruments after initial recognition when the instrument's contractual terms are unchanged. The Committee acknowledged that similar questions about reclassification arise in other circumstances. Reclassification by the issuer has been identified as one of the practice issues the Board will consider addressing in its Financial Instruments with Characteristics of Equity (FICE) project. The Committee concluded that the matter described in the request is, in isolation, too narrow for the Board or the Committee to address in a cost-effective manner. Instead, the Board should consider the matter as part of its broader discussions on the FICE project. For these reasons, the Committee decided not to add a standard-setting project to the work plan.	
IAS 32 / IFRS 2	IFRS 2 Share-based payment and IAS 32 Financial Instruments: Presentation – Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition	See IFRS 2 – click left for access	Oct-22
IAS 32	IAS 32 Financial Instruments: Presentation – Special Purpose Acquisition Companies (SPAC): Classification of Public Shares as Financial Liabilities or Equity	The Committee received a request about whether a special purpose acquisition company (SPAC), in applying IAS 32, classifies public shares it issues as financial liabilities or equity instruments. A SPAC is a listed entity that is established to acquire a yet-to-be-identified target entity. The request described a SPAC that issues two classes of shares: founder shares (Class A) and public shares (Class B). The Class B shareholders: a) individually have the contractual right to demand a reimbursement of their shares if the SPAC's shareholders approve the acquisition of a target entity. b) are reimbursed if the SPAC is liquidated. The SPAC is liquidated if no target entity is acquired within a specified period. c) along with the Class A shareholders, have the contractual right to extend the SPAC's life indefinitely if no target entity is acquired. The request asked about the effect of the shareholders' contractual right to extend the SPAC's life indefinitely on the classification of the Class B shares—in particular, whether the shareholders' decision to extend the SPAC's life is considered to be within the control of the SPAC. This assessment is needed to determine whether the SPAC has the unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation.	Jul-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that IAS 32 includes no requirements on how to assess whether a decision of shareholders is treated as a decision of the entity. The Committee acknowledged that similar questions about shareholder decisions arise in other circumstances. Assessing whether a decision of shareholders is treated as a decision of the entity has been identified as one of the practice issues the International Accounting Standards Board (IASB) will consider in its Financial Instruments with Characteristics of Equity (FICE) project. The Committee concluded that the matter described in the request is, in isolation, too narrow for the IASB or the Committee to address in a cost-effective manner. Instead, the IASB should consider the matter as part of its broader discussions on the FICE project. For these reasons, the Committee decided not to add a standardsetting project to the work plan. The Committee nonetheless noted the importance of the SPAC disclosing information in the notes to its financial statements about the classification of its public shares.	
IAS 32/ IFRS 2	IFRS 2 Share-based Payment and IAS 32 Financial Instruments: Presentation – Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition	Refer to IFRS 2 – click left to access	Oct-22
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IAS 33	IAS 33 Earnings per Share—Tax arising from payments on participating equity instruments	The Committee received a request to clarify how an entity determines profit attributable to ordinary shareholders when calculating basic earnings per share (EPS). In the fact pattern described in the submission: a) the entity has two classes of equity instruments—ordinary shares and participating equity instruments. Participating equity holders participate in dividends together with ordinary shareholders according to a predetermined formula. b) applying IAS 32 Financial Instruments: Presentation, the entity classifies the participating equity instruments as equity. Dividends are paid to participating equity holders only when they are paid to ordinary shareholders. c) the dividends on participating equity instruments are deductible for tax purposes. Accordingly, such payments reduce taxable income and thus reduce income taxes payable to the taxation authorities ('tax benefit'). The submitter asked whether, in determining profit attributable to ordinary shareholders (ie the numerator) in the basic EPS calculation, the entity reflects the tax benefit that would arise from the hypothetical distribution of profit to participating equity holders.	Jun-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph A14 of IAS 33 requires an entity to allocate profit or loss to the different classes of shares and participating equity instruments in accordance with their dividend rights and other rights to participate in undistributed earnings. Paragraph A14 of IAS 33 also requires an entity to allocate profit or loss (after adjusting for cumulative dividends and dividends declared in the period) to ordinary shares and participating equity instruments to the extent that each instrument shares in earnings as if all of the profit or loss for the period had been distributed (ie the hypothetical distribution). The Committee concluded that, when calculating basic EPS in the fact pattern described in the submission, the entity adjusts profit or loss attributable to ordinary shareholders for the portion of any tax benefit attributable to those ordinary shareholders. This is because the tax benefit is a direct consequence of the hypothetical distribution of profit to the participating equity holders required by paragraph A14 of IAS 33. The entity applies this accounting treatment regardless of whether it recognises the tax benefit in equity or in profit or loss. The Committee observed that this treatment is also consistent with the objective of basic EPS outlined in paragraph 11 of IAS 33—namely, to provide a measure of the interests of each ordinary share in the performance of the entity over the reporting period. The Committee concluded that the principles and requirements in IAS 33 provide an adequate basis for an entity to calculate basic EPS in the fact pattern described in the submission. Consequently, the Committee decided not to add this matter to its standard-setting agenda. Illustrative Example The Committee decided to publish an illustrative example as educational material to accompany the agenda decision.	
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IAS 34	IAS 34 Interim Financial Reporting—Interim disclosures about fair value	The IFRIC received a request to provide guidance on whether updates to annual fair value disclosures are required in condensed interim financial reports. The IFRIC noted that in accordance with IAS 34, an interim financial report provides an update on the latest complete set of annual financial statements. When an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual financial period, in accordance with IAS 34 its interim financial report should provide an explanation of, and update to, the information included in the financial statements for the last annual financial period. The IFRIC concluded that IAS 34 provides sufficient guidance to enable entities to decide whether updates to fair value disclosures are required in interim financial reports and decided not to add the issue to its agenda as it did not expect diversity in practice.	July-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 34	IAS 34 Interim Financial Reporting—condensed statement of cash flows (Agenda Paper 9)	The Interpretations Committee received a request to clarify the application of the requirements regarding the presentation and content of the condensed statement of cash flows in the interim financial statements according to IAS 34. The submitter observed that there are divergent views on the presentation and content of the condensed statement of cash flows. One view is that an entity should present a detailed structure of the condensed statement of cash flows showing cash flows by nature. Another view is that an entity may present a three line condensed statement of cash flows showing only a total for each of operating, investing and financing cash flow activities. The Interpretations Committee noted that a condensed statement of cash flows is one of the primary statements that is included as part of an interim financial report as prescribed by paragraph 8 of IAS 34. Paragraph 10 of IAS 34 specifies that each of the condensed statements shall include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements. Paragraph 10 of IAS 34 also requires additional line items to be included if their omission would make the interim financial statements misleading. The Interpretations Committee also noted that in an interim financial report: a) an entity shall include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report (see paragraph 15 of IAS 34). b) the overriding goal is to ensure that an interim financial report includes all information that is relevant to understanding an entity's financial position and performance during the interim period (see paragraph 25 of IAS 34). The Interpretations Committee further noted that in accordance with paragraph OB20 of the IASB's Conceptual Framework, information about cash flows helps users to understand a reporting entity's operations, evaluate its financing and investing activities, assess its liquidity or solvency and interpret other information about financial performance. In this respect, the Interpretations Committee noted that to meet the requirements in paragraphs 10, 15 and 25 of IAS 34 a condensed statement of cash flows should include all information that is relevant in understanding the entity's ability to generate cash flows and the entity's needs to utilise those cash flows. It also noted that it did not expect that a three-line presentation alone would meet the requirements in IAS 34. On the basis of this analysis, the Interpretations Committee determined that an Interpretation or an amendment to a Standard was not necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	Aug-14
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 36	IAS 36 - Identifying cash-generating units in the retail industry	The IFRIC was asked to develop an Interpretation on whether a cash-generating unit (CGU) could combine more than one individual store location. The submitter developed possible considerations including shared infrastructures, marketing and pricing policies, and human resources. The IFRIC noted that IAS 36 paragraph 6 (and supporting guidance in paragraph 68) requires identification of CGUs on the basis of independent cash inflows rather than independent net cash flows and so outflows such as shared infrastructure and marketing costs are not considered. The IFRIC took the view that developing guidance beyond that already given in IAS 36 on whether cash inflows are largely independent would be more in the nature of application guidance and therefore decided not to take this item on to its agenda.	Mar-07
IAS 36	IAS 36 Impairment of Assets— Interaction with transition requirements of IFRS 8	The IFRIC received a request for guidance on the transition requirements in IFRS 8 Operating Segments and its interaction with IAS 36. The IASB made a consequential amendment to IAS 36 when it issued IFRS 8 in November 2006. The consequential amendment replaced the reference to 'segments' (as determined in accordance with IAS 14 Reporting Segments) to 'operating segments' (as determined in accordance with IFRS 8). In particular, paragraph 80(b) of IAS 36 was amended to refer to IFRS 8 when setting the limit for the aggregation of cash-generating units when testing for goodwill impairment. Previously, the limit had been set by reference to segments identified by IAS 14. The IFRIC noted that when entities test goodwill for impairment in the first year of adoption of IFRS 8 some entities may need to recognise an impairment loss for goodwill, at least in part because of these changes in the segment definitions. The question asked of the IFRIC is whether any incremental goodwill impairment loss (that would have been recognised in a prior period if cash-generating units had been grouped by reference to IFRS 8) determined as a result of retrospective application of the change from IAS 14 to IFRS 8 should be presented as a prior period adjustment or a current period event. The IFRIC noted that IFRS 8 is effective for annual periods beginning on or after 1 January 2009 and therefore applicable for entities with annual periods ending 31 December 2009 and thereafter. Based on the required due process procedures included in the IFRIC Due Process Handbook, it would not be able to provide guidance on a timely basis. Therefore, the IFRIC decided not to add the issue to its agenda.	Mar-10
IAS 36	IAS 36 Impairment of Assets - Calculation of value in use	The Committee received a request for clarification on whether estimated future cash flows expected to arise from dividends, that are calculated using dividend discount models (DDMs), are an appropriate cash flow projection when determining the calculation of value in use of a cash generating unit (CGU) in accordance with paragraph 33 of IAS 36. The Committee noted that paragraphs 30–57 and paragraphs 74–79 of IAS 36 provide guidance on the principles to be applied in calculating value in use of a CGU. The Committee observed that calculations using a DDM which values shares at the discounted value of future dividend payments, may be appropriate when calculating value in use of a single asset, for example when an entity applies IAS 36 in determining whether an investment is impaired in the separate financial statements of an entity. The Committee understands that some DDMs may focus on future cash flows that are expected to be available for distribution to shareholders, rather than future cash flows from dividends. Such a DDM could be used to calculate value in use of a CGU in consolidated financial statements, if it is consistent	Nov-10

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		with the principles and requirements in IAS 36. The Committee noted that the current principles in IAS 36 relating to the calculation of value in use of a CGU are sufficient and that any guidance that it could provide would be in the nature of application guidance. Consequently, the Committee decided not to add the issue to its agenda.	
IAS 36	IAS 36 Impairment of Assets—Recoverable amount and carrying amount of a cash-generating unit	The Interpretations Committee received a request to clarify the application of paragraph 78 of IAS 36 Impairment of Assets. This paragraph sets out the requirements for considering recognised liabilities in determining the recoverable amount of a cash-generating unit (CGU) within the context of an impairment test for a CGU The submitter questioned the approach set out in paragraph 78 of IAS 36, which requires an entity to deduct the carrying amount of any recognised liabilities in determining both the CGU's carrying amount and its value in use (VIU). The submitter asked whether an alternative approach should be required. The Interpretations Committee observed that when an entity needs to consider a recognised liability to determine the recoverable amount of a CGU (which may occur if the disposal of a CGU would require the buyer to assume the liability), paragraph 78 of IAS 36 requires the entity to deduct the carrying amount of the recognised liability in determining both the CGU's carrying amount and its VIU. This approach of determining both the CGU's carrying amount and its VIU by deducting the same carrying amount of the recognised liability makes the comparison between the CGU's carrying amount and the CGU's recoverable amount meaningful. The Interpretations Committee observed that the approach in paragraph 78 of IAS 36 for considering recognised liabilities provides a straightforward and cost-effective method to perform a meaningful comparison of the measures involved in an impairment test for a CGU. In the light of the existing requirements in IFRS Standards, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	May-16
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IAS 37	IAS 37 - Obligations to repair/maintain another entity's property, plant and equipment	The IFRIC considered a suggestion made during its project on service concessions that it should take onto its agenda a separate project to interpret the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets in respect of obligations to repair or maintain another entity's property, plant and equipment that the reporting entity uses. The IFRIC decided not to add this topic to its agenda because, in practice, entities are recognising a provision for repairs as damage or usage occurs that the entity is obliged to make good. The IFRIC was not aware of evidence that significantly divergent interpretations were being reached in practice.	Aug-05

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 37	IAS 37 - Deposits on returnable containers	The IFRIC was asked to provide guidance on the accounting for the obligation to refund deposits on returnable containers. In some industries, entities that distribute their products in returnable containers collect a deposit for each container delivered and have an obligation to refund this deposit when containers are returned by the customer. The issue is whether the obligation should be accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The IFRIC noted that paragraph 11 of IAS 32 Financial Instruments: Presentation defines a financial instrument as 'any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.' Following delivery of the containers to its customers, the seller has an obligation only to refund the deposit for any returned containers. In circumstances in which the containers are derecognised as part of the sale transaction, the obligation is an exchange of cash (the deposit) for the containers (non-financial assets). Whether that exchange transaction occurs is at the option of the customer. Because the transaction involves the exchange of a non-financial item, it does not meet the definition of a financial instrument in accordance with IAS 32. In contrast, when the containers are not derecognised as part of the sale transaction, the customer's only asset is its right to the refund. In such circumstances, the obligation meets the definition of a financial instrument in accordance with IAS 32 and is therefore within the scope of IAS 39. In particular, paragraph 49 of IAS 39 states that 'the fair value of a financial liability with a demand feature (eg a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.' The IFRIC concluded that divergence in this area was unlikely to be significant and therefore decided not to add this issue to its agenda.	May-08
IAS 37	IAS 37 - Regulatory assets and liabilities	The IFRIC received a request to consider whether regulated entities could or should recognise a liability (or an asset) as a result of rate regulation by regulatory bodies or governments. At the November 2008 meeting, the IFRIC considered detailed background information, an analysis of the issue and an assessment of the issue against its agenda criteria. The IFRIC noted that: 1) rate regulation is widespread and significantly affects environment of regulated entities; 2) currently, divergence does not seem to significant in practice; 3) resolving the issue would require interpreting definitions of assets and liabilities set out in the Framework and their interaction with one or more IFRSs; and 4) the issue is now being considered specifically in an active Board project and it relates to more than one active Board project. The IFRIC concluded that the agenda criteria were not met, mainly because divergence in practice does not seem to be significant. Additionally, there is now a project on rate regulated activities on the Board's active agenda. Therefore, the IFRIC decided not to add the issue to its agenda.	Mar-09
IAS 37	IAS 37 Provisions, Contingent Liabilities and Contingent Assets— inclusion of own credit risk in the discount rate	The Interpretations Committee received a request for interpretation of the phrase 'the risks specific to the liability' and whether this means that an entity's own credit risk (performance risk) should be excluded from any adjustments made to the discount rate used to measure liabilities. The request assumed that future cash flow estimates have not been adjusted for the entity's own credit risk. The Committee observed that paragraph 47 of IAS 37 states that 'risks specific to the liability' should be taken into account in measuring the liability. The Committee noted that IAS 37 does not explicitly state whether or not own credit risk should be	Mar-11

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		included. The Committee understood that the predominant practice today is to exclude own credit risk, which is generally viewed in practice as a risk of the entity rather than a risk specific to the liability. The Committee also noted that this request for guidance would be best addressed as part of the Board's project to replace IAS 37 with a new liabilities standard, and that the Board is already considering the request for additional guidance to be incorporated into this new standard. For this reason, the Committee decided not to add this issue to its agenda.	
IAS 37 / IAS 18 / IAS 39	IAS 18 Revenue, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 39 Financial Instruments: Recognition and Measurement-Regulatory assets and liabilities	The Interpretations Committee received a request seeking clarification on whether a regulatory asset or regulatory liability should be recognised in a particular situation in which a regulated entity is permitted to recover costs, or required to refund some amounts, independently of the delivery of future services. Specifically, the submitter asked two questions for the accounting under this situation: • Can the population of customers be regarded as a single unit of account? • If the population is a single unit of account, is it acceptable to recognise an asset or liability? The Interpretations Committee did not address the two specific questions in the submission. However, regarding the question of the recognition of regulatory assets and liabilities generally, the Interpretations Committee noted that it had discussed in 2005 the subject of whether or not it would be appropriate to recognise a regulatory asset. At that time the Interpretations Committee concluded that an entity should recognise only assets that qualify for recognition in accordance with the IASB's Conceptual Framework and with relevant IFRSs such as IAS 11 Construction Contracts, IAS 18 Revenue, IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The Interpretations Committee noted that since the Interpretations Committee reached that conclusion there have been no major changes made to these IFRSs that warrant revisiting this issue. The Interpretations Committee also noted that, in the IASB's project on Rate-regulated Activities, the IASB had concluded that the issue could not be resolved quickly, and had therefore included requests for views on future plans for this project in its Agenda Consultation published in July 2011. In addition, the Interpretations Committee noted that in September 2012 the IASB had started to discuss its plan for the new Rate regulated Activities project following its decision in May 2012 to give priority to developing a standards level proposal for Rate regulated Activities. At the September 2012 meeting, the IASB decided to develop a discussion paper for this project which it expects to publish in the second half of 2013. Because of the position reached by the IASB in its last project on this subject, the Interpretations Committee observed that this issue is too broad for the Interpretations Committee to address within the confines of existing IFRSs and of the Conceptual Framework. Consequently, for this reason, and because the IASB has recently resumed a comprehensive project on Rate regulated Activities in which the IASB expects to publish a discussion paper in the second half of 2013, the Interpretations Committee decided not to add this issue to its agenda.	Nov- 12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 37	IAS 37 Provisions, Contingent Liabilities and Contingent Assets—measurement of liabilities arising from emission trading schemes	The Interpretations Committee received a request to clarify the measurement of a liability under IAS 37 that arises from an obligation to deliver allowances in an emission trading scheme. The request asked whether the measurement of the liability for the obligation to deliver allowances should reflect current values of allowances at the end of each reporting period if IAS 37 was applied to the liability. The request noted that this was the basis required by IFRIC 3 Emission Rights, which was withdrawn in June 2005. The Interpretations Committee noted that when the IASB withdrew IFRIC 3, it affirmed that IFRIC 3 was an appropriate interpretation of existing IFRS for accounting for the emission trading schemes that were within the scope of IFRIC 3. However, the IASB acknowledged that, as a consequence of following existing IFRS, IFRIC 3 had created unsatisfactory measurement and reporting mismatches between assets and liabilities arising from emission trading schemes. In 2012, the IASB added to its agenda a research project on the accounting for emissions trading schemes. The Interpretations Committee noted that one of the main issues in the IASB's project on emission trading schemes was whether the accounting for the liabilities arising from emission trading schemes should be considered separately from the accounting for the assets. Consequently, the Interpretations Committee noted that to provide an interpretation of IFRS on the measurement of a liability arising from the obligation to deliver allowances related to an emission trading scheme would be too broad an issue for it to deal with. On the basis of this analysis, the Interpretations Committee decided not to add this issue to its agenda.	May-14
IAS 37	IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Costs considered in assessing whether a contract is onerous	The Committee received a request to clarify which costs an entity considers when assessing whether to recognise an onerous contract provision applying IAS 37. In particular, the submitter asked about the application of IAS 37 to contracts with customers previously within the scope of IAS 11 Construction Contracts. As noted in paragraphs 5(g) of IAS 37 and BC296 of IFRS 15 Revenue from Contracts with Customers, an entity applies paragraphs 66–69 of IAS 37 in assessing whether a contract to which it applies IFRS 15 is onerous. Accordingly, the Committee concluded that, when determining which costs to include in assessing whether such a contract is onerous, the entity does not apply the previous requirements in IAS 11 on contract costs, nor does it apply the requirements in IFRS 15 on costs that relate directly to a contract. Paragraph 68 of IAS 37 includes the definition of an onerous contract. In assessing whether a contract is onerous, an entity compares the unavoidable costs of meeting the obligations under the contract to the economic benefits expected to be received under it. The unavoidable costs under the contract are the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract. The Committee discussed two possible ways of applying the requirements in paragraph 68 of IAS 37 relating to the unavoidable costs of fulfilling the contract:	Jun-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		• unavoidable costs are the costs that an entity cannot avoid because it has the contract (for example, an entity would include an allocation of overhead costs if those costs are incurred for activities required to complete the contract). • unavoidable costs are the costs that an entity would not incur if it did not have the contract (often referred to as 'incremental costs'). The Committee concluded that a reasonable reading of the requirements in paragraph 68 of IAS 37 on unavoidable costs of fulfilling a contract results in one of the two approaches outlined in this agenda decision. The Committee observed that an entity applies its reading of the requirements consistently to all applicable contracts. The Committee also observed that paragraph 69 of IAS 37 requires an entity to recognise any impairment loss on assets dedicated to a contract before establishing a separate provision for an onerous contract. In the light of its analysis, the Committee considered whether to add a project to its standard-setting agenda to eliminate one of the possible ways of reading the requirements. The Committee decided that amendments could not be developed for some of the requirements on onerous contracts without conducting a comprehensive review of all of those requirements. With this in mind, the Committee concluded that it would be unable to resolve the matter efficiently within the confines of existing IFRS Standards. Consequently, it [decided] not to add this matter to its standard-setting agenda.	
IAS 37	IAS 37 - Deposits relating to taxes other than income tax	The Committee received a request about how to account for deposits relating to taxes that are outside the scope of IAS 12 Income Taxes (ie deposits relating to taxes other than income tax). In the fact pattern described in the request, an entity and a tax authority dispute whether the entity is required to pay the tax. The tax is not an income tax, so it is not within the scope of IAS 12. Any liability or contingent liability to pay the tax is instead within the scope of IAS 37. Taking account of all available evidence, the preparer of the entity's financial statements judges it probable that the entity will not be required to pay the tax—it is more likely than not that the dispute will be resolved in the entity's favour. Applying IAS 37, the entity discloses a contingent liability and does not recognise a liability. To avoid possible penalties, the entity has deposited the disputed amount with the tax authority. Upon resolution of the dispute, the tax authority will be required to either refund the tax deposit to the entity (if the dispute is resolved in the entity's favour) or use the deposit to settle the entity's liability (if the dispute is resolved in the tax authority's favour). Whether the tax deposit gives rise to an asset, a contingent asset or neither The Committee observed that if the tax deposit gives rise to an asset, that asset may not be clearly within the scope of any IFRS Standard. Furthermore, the Committee concluded that no IFRS Standard deals with issues similar or related to the issue that arises in assessing whether the right arising from the tax deposit meets the definition of an asset. Accordingly, applying paragraphs 10–11 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Committee referred to the two definitions of an asset in IFRS literature—the definition in the Conceptual Framework for Financial Reporting issued in March 2018 and the definition in the previous Conceptual Framework that was in place when many existing IFRS Standards were developed. The Committee concluded that the right arising from the tax deposit meets either of those definitions. The tax deposit gives the	Jan-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		entity a right to obtain future economic benefits, either by receiving a cash refund or by using the payment to settle the tax liability. The nature of the tax deposit—whether voluntary or required—does not affect this right and therefore does not affect the conclusion that there is an asset. The right is not a contingent asset as defined by IAS 37 because it is an asset, and not a possible asset, of the entity. Consequently, the Committee concluded that in the fact pattern described in the request the entity has an asset when it makes the tax deposit to the tax authority. Recognising, measuring, presenting and disclosing the tax deposit In the absence of a Standard that specifically applies to the asset, an entity applies paragraphs 10–11 of IAS 8 in developing and applying an accounting policy for the asset. The entity's management uses its judgement in developing and applying a policy that results in information that is relevant to the economic decision-making needs of users of financial statements and reliable. The Committee noted that the issues that need to be addressed in developing and applying an accounting policy for the tax deposit may be similar or related to those that arise for the recognition, measurement, presentation and disclosure of monetary assets. If this is the case, the entity's management would refer to requirements in IFRS Standards dealing with those issues for monetary assets. The Committee concluded that the requirements in IFRS Standards and concepts in the Conceptual Framework for Financial Reporting provide an adequate basis for an entity to account for deposits relating to taxes other than income tax. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IAS 37	IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Negative Low Emission Vehicle Credits	The Committee received a request asking whether particular measures to encourage reductions in vehicle carbon emissions give rise to obligations that meet the definition of a liability in IAS 37. The request The request described government measures that apply to entities that produce or import passenger vehicles for sale in a specified market. Under the measures, entities receive positive credits if, in a calendar year, they have produced or imported vehicles whose average fuel emissions are lower than a government target. Entities receive negative credits if, in that year, they have produced or imported vehicles whose average fuel emissions are higher than the target. The measures require an entity that receives negative credits for one year to eliminate these negative credits by obtaining and surrendering positive credits. The entity can obtain positive credits either by purchasing them from another entity or by generating them itself in the next year (by producing or importing more low-emission vehicles). If the entity fails to eliminate its negative credits, the government can impose sanctions on the entity. These sanctions would not require payment of fines or penalties, or any other outflow of resources embodying economic benefits, but could deny the entity opportunities in the future, for example by restricting the entity's access to the market.	Jul-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The request considered the position of an entity that has produced or imported vehicles with average fuel emissions higher than the government target, and asked whether such an entity has a present obligation that meets the definition of a liability in IAS 37. Applicable requirements Paragraph 10 of IAS 37: a) defines a liability as 'a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits'; b) distinguishes legal obligations (which derive from a contract, legislation or other operation of law) from constructive obligations (which derive from an entity's actions); and c) defines an obligating event as 'an event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation'. An entity has no realistic alternative to settling an obligation only where settlement can be enforced by law or, in the case of a constructive obligation, where the entity's actions have created valid expectations in other parties that the entity will discharge the obligation (paragraph 17 of IAS 37). The Committee observed that, in determining whether it has a liability, the entity described in the request would consider: a) whether settling an obligation to eliminate negative credits would result in an outflow of resources embodying economic benefits; b) which event creates a present obligation to eliminate negative credits; and c) whether the entity has no realistic alternative to settling the obligation. The Committee's conclusions <i>Outflow of resources embodying economic benefits</i> An entity can settle an obligation to eliminate negative credits either by purchasing credits from another entity or by generating positive credits itself in the next year. The Committee concluded that either method of settling the obligation would result in an outflow of resources embodying economic benefits. These resources are the positive credits the entity would surrender to eliminate the negative balance. The entity could otherwise have used self-generated positive credits for other purposes—for example, to sell to other entities with negative credits. <i>The event that creates a present obligation</i> The definition of a liability in IAS 37 requires an entity to have a 'present obligation ...arising from past events'. Paragraph 19 of IAS 37 adds that it is only those obligations arising from past events existing independently of an entity's future actions that meet	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		the definition of a liability. Two IFRIC Interpretations of IAS 37 provide further relevant requirements—they address specific types of government-imposed charges and specify which events give rise to a present obligation for these types of charges: a) IFRIC 6 Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment addresses a charge for the cost of waste management. Legislation links the charge to an entity's participation in a specified market in a specified period. The consensus in IFRIC 6 is that an obligation arises when an entity conducts the activity to which the charge is linked. b) IFRIC 21 Levies addresses levies imposed by governments. The consensus in IFRIC 21 is that the event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified in the applicable legislation. In the fact pattern described in the request, the activity that triggers a requirement to eliminate negative credits (or in other words, the activity to which the measures link that requirement) is the production or import of vehicles with average fuel emissions higher than the government target. If in a calendar year an entity has produced or imported vehicles with average fuel emissions higher than the government target, an obligation: a) has arisen from past events. b) exists independently of the entity's future actions (the future conduct of its business). The entity's future actions will determine only the means by which the entity settles its present obligation—whether it purchases positive credits from another entity or generates positive credits itself by producing or importing more low-emission vehicles. Therefore, the Committee concluded that, in the fact pattern described in the request, the activity that gives rise to a present obligation is the production or import of vehicles whose fuel emissions, averaged for all the vehicles produced or imported in that calendar year, are higher than the government target. The Committee observed that a present obligation could arise at any date within a calendar year (on the basis of the entity's production or import activities to that date), not only at the end of the calendar year. <i>No realistic alternative to settling an obligation</i> The Committee concluded that the measures described in the request could give rise to a legal obligation: a) obligations that arise under the measures derive from an operation of law; and b) the sanctions the government can impose under the measures would be the mechanism by which settlement may be enforceable by law. An entity would have a legal obligation that is enforceable by law if accepting the possible sanctions for non-settlement is not a realistic alternative for that entity. The Committee observed that determining whether accepting sanctions is a realistic alternative for an entity requires judgement—the conclusion will depend on the nature of the sanctions and the entity's specific circumstances.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		<i>The possibility of a constructive obligation</i> The Committee concluded that, if an entity determines that it has no legal obligation to eliminate its negative credits, it would then need to consider whether it has a constructive obligation to do so. It would have a constructive obligation if it has both: a) in a calendar year, produced or imported vehicles with average fuel emissions higher than the government target; and b) taken an action that creates valid expectations in other parties that it will eliminate the resulting negative credits—for example, made a sufficiently specific current statement that it will do so. <i>Other IAS 37 requirements</i> The request asked only whether the government measures give rise to obligations that meet the definition of a liability in IAS 37. The Committee observed that, having identified such an obligation, an entity would apply other requirements in IAS 37 to determine how to measure the liability. The Committee did not discuss these other requirements. The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine whether, in the fact pattern described in the request, it has an obligation that meets the definition of a liability in IAS 37. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IAS 37	Climate-related Commitments	The Committee received a request asking it to clarify: a. whether an entity's commitment to reduce or offset its greenhouse gas emissions creates a constructive obligation for the entity; b. whether a constructive obligation created by such a commitment meets the criteria in IAS 37 for recognising a provision; and c. if a provision is recognised, whether the corresponding amount is recognised as an expense or as an asset when the provision is recognised. The Committee considered this request by reference to the following fact pattern. Fact pattern In 20X0 an entity, a manufacturer of household products, publicly states its commitment: a. to gradually reduce its annual greenhouse gas emissions, reducing them by at least 60% of their current level by 20X9; and b. to offset its remaining annual emissions in 20X9 and in subsequent years by buying carbon credits and retiring them from the carbon market. To support its statement, the entity publishes a transition plan setting out how it will gradually modify its manufacturing methods between 20X1 and 20X9 to achieve the 60% reduction in its annual emissions by 20X9. The modifications will involve investing in	Apr-24

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		more energy-efficient processes, buying energy from renewable sources and replacing existing petroleum-based product ingredients and packaging materials with lower-carbon alternatives. Management is confident that the entity can make all these modifications and continue to sell its products at a profit. In addition to publishing the transition plan, the entity takes several other actions that publicly affirm its intention to fulfil its commitments. Does the entity have a constructive obligation? Paragraph 10 of IAS 37 defines a constructive obligation as an obligation that derives from an entity's actions where: a. by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and b. as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities. Paragraph 20 of IAS 37 states that an obligation always involves another party to whom the obligation is owed, but that it is not necessary to know the identity of that party — the obligation may be to the public at large. The Committee observed that a constructive obligation to reduce or offset greenhouse gas emissions, if one exists, would be owed to all people adversely affected by the emissions so would extend to the public at large. The Committee further observed that whether an entity's statement of its commitment to reduce or offset its emissions creates a valid expectation that it will fulfil the commitment — and hence creates a constructive obligation to do so — depends on the facts of the commitment and the circumstances surrounding it, including any actions the entity has taken that publicly affirm its intention to fulfil the commitment. Management would apply judgement to reach a conclusion at each reporting date considering all relevant facts and circumstances existing at that date. If the facts or circumstances change from one reporting date to the next, so too could the conclusion. If the entity's statement has not created a constructive obligation, the entity does not recognise a provision. If the entity's statement has created a constructive obligation, the next question to consider is whether that obligation satisfies the criteria for recognising a provision. Does the constructive obligation satisfy the criteria for recognising a provision? Paragraph 14 of IAS 37 requires an entity to recognise a provision when: a. the entity has a present obligation (legal or constructive) as a result of a past event; b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and c. a reliable estimate can be made of the amount of the obligation. An entity recognises a provision only if all three of these recognition criteria are met.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		<i>Present obligation as a result of a past event</i> The first criterion for recognising a provision is that the entity has a present obligation as a result of a past event. The Committee observed that, just as the enactment of a law is not sufficient to give an entity a present legal obligation, the publication of a policy or statement is not sufficient to give an entity a present constructive obligation—an entity has a present legal or constructive obligation only when the event to which the law, policy or statement applies has occurred. For example, as illustrated in Illustrative Example 2B accompanying IAS 37, an entity with a widely published policy of cleaning up land it contaminates incurs a present obligation only when it contaminates land—publishing the policy is necessary but not sufficient to give the entity a present obligation. In explaining the requirement for a present obligation, paragraph 18 of IAS 37 states that ‘no provision is recognised for costs that need to be incurred to operate in the future’ and paragraph 19 of IAS 37 states that ‘it is only those obligations arising from past events existing independently of an entity’s future actions (ie the future conduct of its business) that are recognised as provisions’. Applying those paragraphs, the Committee concluded that if the commitments described in the fact pattern create a constructive obligation for the entity: a. that obligation is not a present obligation as a result of a past event when the entity publicly states the commitments in 20X0. Neither stating a commitment nor taking actions that affirm the entity’s intention to fulfil that commitment are events that create a present obligation. The events that create a present obligation are the events to which the statement applies and those events have not occurred at the time the entity states its commitment. The costs that the entity will incur to reduce its annual greenhouse gas emissions and to offset the greenhouse gases it emits in 20X9 and in subsequent years are costs that it will need to incur to operate in the future—the obligations for those costs do not exist independently of the entity’s future actions. b. at any given date, the entity does not have a present obligation to reduce its emissions after that date, because the costs of operating with lower emissions in the future will remain costs that need to be incurred to operate in the future. The entity will at some future date have a liability to pay for resources it buys to carry out those future operations—for example, to pay for new plant or equipment—but only when it receives those resources in an exchange transaction. c. only when the entity has emitted the greenhouse gases that it has committed to offset will it have a present obligation to offset those greenhouse gases. The entity will have that present obligation only if and when it emits greenhouse gases in 20X9 and in subsequent years. <i>Probable outflow of resources</i> The second criterion for recognising a provision is that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The Committee concluded that if the commitments described in the fact pattern create a constructive obligation for the entity:	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a. settling the constructive obligation to reduce the entity's annual greenhouse gas emissions will not require an outflow of resources embodying economic benefits. Although the entity will incur expenditure to modify its manufacturing methods, it will receive other resources—for example, property, plant, equipment, energy, product ingredients or packaging materials—in exchange, and will be able to use these resources to manufacture products it can sell at a profit. b. settling the constructive obligation to offset the entity's remaining annual greenhouse gas emissions will require an outflow of resources embodying economic benefits. The entity will be required to buy and retire carbon credits without receiving any resources embodying economic benefits in exchange. <i>Reliable estimate</i> The final criterion for recognising a provision is that a reliable estimate can be made of the amount of the obligation. Paragraph 25 of IAS 37 states that 'except in extremely rare cases, an entity will be able to determine a range of possible outcomes and can therefore make an estimate of the obligation that is sufficiently reliable to use in recognising a provision'. The Committee concluded that in the fact pattern described, it is likely that the entity would be able to make a reliable estimate of the amount of a constructive obligation that satisfies the other recognition criteria. <i>Conclusion on whether a provision is recognised</i> The Committee concluded that in the fact pattern described: a. whether the entity's statement of its commitments to reduce and offset its greenhouse gas emissions creates a constructive obligation to fulfil those commitments will depend on the facts of the statement and the circumstances surrounding it. b. if the statement creates a constructive obligation: i. the entity does not recognise a provision when it makes the statement in 20X0. At that time, the constructive obligation is not a present obligation as a result of a past event. ii. the entity does not recognise a provision between 20X0 and 20X9 because it does not have a present obligation as a result of a past event until it has emitted the greenhouse gases it has committed to offset. iii. as the entity emits greenhouse gases in 20X9 and in subsequent years, it will incur a present obligation to offset these past emissions. If the entity has not yet settled that obligation and a reliable estimate can be made of the amount of the obligation, the entity recognises a provision. If a provision is recognised, is the corresponding amount recognised as an expense or as an asset when the provision is recognised? The Committee observed that if a provision is recognised, the corresponding amount is recognised as an expense, rather than as an asset, unless it gives rise to—or forms part of the cost of—an item that qualifies for recognition as an asset in accordance with an IFRS Accounting Standard.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Other accounting and disclosure implications The Committee observed that, irrespective of whether an entity's commitment to reduce or offset its greenhouse gas emissions results in the recognition of a provision, the actions the entity plans to take to fulfil that commitment could affect the amounts at which it measures its other assets and liabilities and the information it discloses about them, as required by various IFRS Accounting Standards. Conclusion The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine: a. whether an entity's commitment to reduce or offset its greenhouse gas emissions creates a constructive obligation for the entity; b. the circumstances in which the entity recognises a provision for the costs of fulfilling a constructive obligation to reduce or offset its greenhouse gas emissions; and c. if a provision is recognised, whether the corresponding amount is recognised as an expense or as an asset when the provision is recognised. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IAS 37/ IFRS 9/ IFRS 15 /IFRS 17	IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 17 Insurance Contracts and IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Guarantees Issued on Obligations of Other Entities	The Committee received a request about how an entity accounts for guarantees that it issues. The request described three fact patterns in the context of an entity's separate financial statements. In the fact patterns, an entity issues several types of contractual guarantees on obligations of a joint venture. These fact patterns include situations in which the entity guarantees to make payments to a bank, a customer, or another third party in the event the joint venture fails to meet its contractual obligations under its service contracts or partnership agreements and fails to make payments when due. The request asks whether the guarantees issued are financial guarantee contracts to be accounted for in accordance with IFRS 9 <i>Financial Instruments</i> and, if not, which other IFRS Accounting Standards apply to these guarantees. Evidence gathered by the Committee indicated that, in practice, entities issue guarantees on obligations of their joint ventures and other entities (such as associates, subsidiaries or third parties), and those guarantees have a variety of terms and conditions. The Committee observed that questions relating to the accounting for issued guarantees arise both in the context of an entity's separate financial statements and consolidated financial statements. Which IFRS Accounting Standards apply to issued guarantees? <i>Analysing the terms and conditions of a guarantee</i>	Apr-25

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Guarantees can arise or be issued in many ways and convey various rights and obligations to the affected parties. IFRS Accounting Standards do not define 'guarantees' and no single Accounting Standard applies to all guarantees. An entity accounts for a guarantee that it issues based on the requirements, including the scoping requirements, in IFRS Accounting Standards and not based on the nature of the entity's business activities. An entity applies judgement in determining which IFRS Accounting Standard applies to a guarantee that it issues. In making that judgement, an entity is required to analyse all terms and conditions—whether explicit or implicit—of the guarantee unless those terms and conditions have no substance. <i>Is the guarantee a financial guarantee contract?</i> Based on the scoping requirements in IFRS 9, IFRS 17 <i>Insurance Contracts</i>, IFRS 15 <i>Revenue from Contracts with Customers</i> and IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, an entity first considers whether a guarantee it issues is a 'financial guarantee contract'. A 'financial guarantee contract' is defined in IFRS 9 as 'a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument'. The term 'debt instrument' in the definition of a financial guarantee contract is not defined in IFRS Accounting Standards. The Committee was informed of diversity in practice in the interpretation of the meaning of the term 'debt instrument'. Paragraph 2.1(e)(iii) of IFRS 9 and paragraph 7(e) of IFRS 17 state that financial guarantee contracts are within the scope of IFRS 9 (and IAS 32 <i>Financial Instruments: Presentation</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>)—with one exception. If the issuer has previously asserted explicitly that it regards such financial guarantee contracts as insurance contracts and has used accounting that is applicable to insurance contracts, the issuer may elect to apply either IFRS 9 (and IAS 32 and IFRS 7) or IFRS 17. Paragraph 2.1(e)(iii) of IFRS 9 states that 'the issuer may make that election contract by contract, but the election for each contract is irrevocable'. <i>Is the guarantee an insurance contract?</i> If an entity concludes that the guarantee it issues is not a financial guarantee contract, the entity considers whether the guarantee is an 'insurance contract' as defined in IFRS 17. IFRS 17 applies to all insurance contracts, regardless of the type of entity issuing them. IFRS 17 defines an 'insurance contract' as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'. IFRS 17 defines 'insurance risk' as 'risk, other than financial risk, transferred from the holder of a contract to the issuer'. Further application guidance on the definition of an 'insurance contract' and 'significant insurance risk' is provided in paragraphs B2–B30 of the Standard. An entity also considers the scoping requirements in paragraphs 3–13 of IFRS 17, including:	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a. paragraph 7 of IFRS 17—which excludes from the scope of the Standard various items that might meet the definition of an insurance contract; and b. paragraphs 8–8A of IFRS 17—which permit an entity to choose to apply IFRS 17 to contracts that meet the definition of an insurance contract if the conditions set out in those paragraphs are met. <i>Other requirements in IFRS Accounting Standards that might apply</i> If an entity concludes that a guarantee it issues is neither a financial guarantee contract nor an insurance contract, the entity considers other requirements in IFRS Accounting Standards to determine how to account for the guarantee. These requirements include: a. IFRS 9—this Standard might be applicable if the guarantee is a loan commitment (see paragraph 2.3 of IFRS 9) or a derivative (as defined in Appendix A to IFRS 9), or otherwise meets the definition of a financial liability as defined in IAS 32. b. IFRS 15—this Standard might be applicable if the counterparty to the guarantee is a customer, and the guarantee is not within the scope of other IFRS Accounting Standards (see paragraphs 5–8 of IFRS 15). c. IAS 37—this Standard is applicable only if the guarantee gives rise to a provision, contingent liability or contingent asset that is not within the scope of other IFRS Accounting Standards (see paragraph 5 of IAS 37). Conclusion The Committee observed that an entity accounts for a guarantee it issues based on the requirements, including the scoping requirements, in IFRS Accounting Standards and not based on the nature of the entity’s business activities. An entity applies judgement in determining which IFRS Accounting Standard applies to a guarantee it issues and in considering the specific facts and circumstances and the terms and conditions of the guarantee contract. The Committee noted that the IASB, at its April 2024 meeting, discussed diversity in practice in the interpretation of the term ‘debt instrument’ in the definition of a financial guarantee contract. The IASB decided to consider during its next agenda consultation the broader application questions related to financial guarantee contracts, including the meaning of the term ‘debt instrument’ in the definition of a financial guarantee contract. The Committee therefore concluded that an entity applies judgement in interpreting the meaning of the term ‘debt instrument’ when determining whether a guarantee is accounted for as a financial guarantee contract. With regard to the scoping requirements in IFRS Accounting Standards, the Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine how to account for a guarantee that it issues. Consequently, the Committee decided not to add a standard-setting project to the work plan.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
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IAS 38	IAS 38 - Regulatory asset	The IFRIC considered a request for guidance for operations subject to price regulation. The request concerned situations in which a regulatory agreement allowed the entity to increase its prices in future years to recover outflows of economic resources during the current or previous years. The IFRIC was asked whether US SFAS 71 Accounting for the Effects of Certain Types of Regulation could be applied under the hierarchy in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for selection of an accounting policy in the absence of specific guidance in IFRSs. The IFRIC observed that it had previously discussed whether a regulatory asset should be recognised in the context of service concession arrangements, either as deferred costs or as an intangible asset to reflect an expectation that the entity will recover these costs as part of the price charged in future periods. It had concluded that entities applying IFRSs should recognise only assets that qualified for recognition in accordance with the IASB's Framework for the Preparation and Presentation of Financial Statements and relevant accounting standards, such as IAS 11 Construction Contracts, IAS 18 Revenue, IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The IFRIC had noted that SFAS 71 required entities to recognise regulatory assets when certain conditions were met. However, the IFRIC had concluded that the recognition criteria in SFAS 71 were not fully consistent with recognition criteria in IFRSs, and would require the recognition of assets under certain circumstances which would not meet the recognition criteria of relevant IFRSs. Thus the requirements of SFAS 71 were not indicative of the requirements of IFRSs. Since it already had concluded that the special regulatory asset model of SFAS 71 could not be used without modification, the IFRIC noted that expenses incurred in performing price-regulated activities should be recognised in accordance with applicable IFRSs and decided not to add a project on regulatory assets to its agenda.	Aug-05

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 38	IAS 38 - Classification and accounting for SIM cards	The IFRIC received a request for an Interpretation as to whether a mobile phone operator should account for a Subscriber Identity Module (or 'SIM card') as an intangible asset in accordance with IAS 38 or as inventory in accordance with IAS 2. The IFRIC noted that the accounting for SIM cards before their delivery to customers or after connecting these customers to the network using such SIM cards was unlikely to be of practical or widespread relevance as the amounts involved were unlikely to be significant. The IFRIC also noted that the accounting for SIM cards that had been delivered to customers is part of the question of which costs incurred by a mobile phone operator entering into a contract with a customer qualify for recognition as subscriber acquisition costs. The IFRIC had previously considered the treatment of subscriber acquisition costs in the telecommunications industry and, in March 2006, declined to take the issue onto its agenda. The IFRIC therefore considered that the question of how SIM cards should be accounted for was a part of the issue that it had declined to take onto its agenda in March 2006. The IFRIC reaffirmed its March 2006 decision that the issue should not be taken onto its agenda.	Nov-06
IAS 38	IAS 38 - Adoption of IAS 38 (revised 2004)	In December 2003 consequential amendments were made to IAS 38 Intangible Assets arising from the improvements to IAS 16 Property, Plant and Equipment. These amendments did not change the transitional provisions in IAS 38. In March 2004, further amendments to IAS 38 were made, as a consequence of the issue of IFRS 3 Business Combinations. These later amendments changed the transitional provisions in IAS 38 to require prospective application. Both the December 2003 and March 2004 amendments became effective for annual periods beginning on or after 1 January 2005. The IFRIC received a request for guidance on whether the December 2003 consequential amendments should be applied retrospectively or prospectively if an entity adopted the March 2004 version of IAS 38 early. Whilst the IFRIC agreed that divergence might have arisen in the way that the two sets of amendments to IAS 38 were adopted in 2004, it believed that the issue was not widespread and that further diversity was unlikely to develop in the future. The IFRIC therefore decided not to take the issue onto its agenda.	Nov-06
IAS 38	IAS 38 - Accounting for sales costs	The IFRIC was asked to clarify how a real estate developer should account for selling and marketing costs incurred during construction that relate to specific real estate construction project. Examples of such selling costs include: 1) advertising cost for the project; 2) sales commissions paid for selling the units and 3) fees paid to the bank to list the property to enable buyers to get mortgages. Following the guidance in IFRIC 15 Agreements for the Construction of Real Estate, revenue from construction project described in this request will be recognised as a 'sale of goods' in accordance with IAS 18 Revenue rather than in accordance with IAS 11 Construction Contracts. The IFRIC noted that IAS 2 Inventories does not permit selling costs to be capitalised as inventories. Similarly, IAS 16 Property, Plant and Equipment does not permit these costs to be capitalised as part of the asset cost unless they are directly attributable to preparing the asset to be use. The IFRIC also noted that paragraph 20 of IAS 11 excludes selling costs	May-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		from the costs of a construction contract. However, the IFRIC noted that other standards conclude that some direct and incremental costs recoverable as a result of securing a specifically identifiable contract with a customer may be capitalized in narrow circumstances. For example, IAS 11 (paragraph 21 on pre-contract costs) and IAS 18 (Appendix paragraph 14(b)(iii) on investment management fees), among others, may include relevant guidance. In those narrow circumstances, if additional requirements are met, capitalised costs may represent an identifiable intangible asset arising from contractual or other legal rights in accordance with IAS 38 Intangible Assets. (The IFRIC noted that no standards permit an entity to capitalize advertising or other costs incurred in attempting to obtain customer contracts). Because the accounting for such costs varies depending on specific facts and circumstances, the IFRIC noted that it is not possible to reach a conclusion on the appropriate accounting for broad categories of selling and marketing costs in all circumstances. Therefore, the IFRIC decided not to add this issue to its agenda.	
IAS 38	IAS 38 Intangible Assets—Compliance costs for REACH	The IFRIC received a request to add an item to its agenda to provide guidance on the treatment of costs incurred to comply with the requirements of the European Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). The Regulation came into force in part on 1 June 2007 and companies have begun to account for the first costs incurred to comply. At its meetings in March and May 2009 the IFRIC considered detailed background information, an analysis of the issue, current practice and an assessment of the issue against its agenda criteria. The IFRIC noted that IAS 38 includes definitions and recognition criteria for intangible assets that provide guidance to enable entities to account for the costs of complying with the REACH regulation. The IFRIC concluded that any guidance it could develop beyond that already given would be more in the nature of implementation guidance than an interpretation. For this reason, the IFRIC decided not to add the issue to its agenda.	July-09
IAS 38	IAS 38 - Amortisation method	The IFRIC received requests for guidance on the meaning of 'consumption of economic benefits' when determining the appropriate amortisation method for an intangible asset with a finite useful life. The methods considered in the submissions are the straight-line method and the unit of production method (including a revenue-based unit of production method). The IFRIC noted that paragraph 98 of IAS 38 states that 'the method used is based on the expected pattern of consumption of the expected future economic benefits embodied in the asset...' Some members of the IFRIC believed that an interpretation could assist in reducing diversity in the implementation of this principle, while others considered that any guidance would be in the nature of application guidance. The IFRIC noted that the determination of the amortisation method is therefore a matter of judgement. In addition, in accordance with paragraph 122 of IAS 1 Presentation of Financial Statements, significant judgements made in determining the amortisation methods should be disclosed in the notes to the financial statements. Given the diversity of views, the IFRIC concluded that it would not be able to reach a consensus on the issue on a timely basis. Consequently, the IFRIC decided not to add the issue to its agenda.	Jan-10
IAS 38	IAS 16 Property, Plant and Equipment, IAS 38	See above (click on link on left to access)	Sep-12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	Intangible Assets and IAS 17 Leases—Purchase of right to use land		
IAS 38	IAS 38 Intangible Assets—Goods acquired for promotional activities	The Committee received a request to clarify how an entity accounts for goods that it distributes as part of its promotional activities. The submitter described a situation in which a pharmaceutical entity acquires goods (such as refrigerators, air conditioners and watches) to distribute to doctors as part of its promotional activities. The submitter asked how the entity accounts for any such goods that remain undistributed at its reporting date. If an entity acquires goods to be used to undertake advertising or promotional activities, paragraph BC46B of IAS 38 explains that such goods have no other purpose than to undertake those activities. In other words, the only benefit of those goods for the entity is to develop or create brands or customer relationships, which in turn generate revenues. However, applying IAS 38, the entity does not recognise internally generated brands or customer relationships as assets. Accordingly, paragraph 69 of IAS 38 requires an entity to recognise any expenditure on such goods acquired solely for promotional activities as an expense when the entity has a right to access the goods. Paragraph 69A of IAS 38 states that an entity has a right to access goods when it owns them. The entity, therefore, recognises any expenditure on these goods as an expense when it owns the goods, or otherwise has a right to access them regardless of when it distributes the goods. The Committee concluded that the requirements in IFRS Standards provide an adequate basis for an entity to account for the goods described in the submission. Consequently, the Committee [decided] not to add this matter to its standard-setting agenda.	
IAS 38	IAS 38 Intangible Assets—Goods acquired for promotional activities	The Committee received a request about how an entity accounts for goods it distributes as part of its promotional activities. In the fact pattern described in the request, a pharmaceutical entity acquires goods (such as refrigerators, air conditioners and watches) to distribute to doctors as part of its promotional activities. The entity and the doctors do not enter into agreements that create enforceable rights and obligations in relation to those goods. The request asked how the entity accounts for any such goods that remain undistributed at its reporting date. Paragraph 5 of IAS 38 states that IAS 38 applies to expenditure on advertising activities. Accordingly, the Committee concluded that if an entity acquires goods solely to be used to undertake advertising or promotional activities, it applies the requirements in paragraph 69 of IAS 38. Paragraph 69 requires an entity to recognise expenditure on such goods as an expense when the entity has a right to access those goods. Paragraph 69A of IAS 38 states that an entity has a right to access goods when it owns them. The entity, therefore, recognises expenditure on those goods as an expense when it owns the goods, or otherwise has a right to access them regardless of when it distributes the goods. In explaining the Board's rationale for the requirements in paragraph 69, paragraph BC46B of IAS 38 states that goods acquired to be used to undertake advertising and promotional activities have no other purpose than to undertake those activities. In other words, the only benefit of those goods for the entity is to develop or create brands or customer relationships, which in turn	Sep-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		generate revenues. However, applying IAS 38, the entity does not recognise internally generated brands or customer relationships as assets. The Committee concluded that the requirements in IFRS Standards provide an adequate basis for an entity to account for the goods described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IAS 38	Customer's Right to Receive Access to the Supplier's Software Hosted on the Cloud (IAS 38 Intangible Assets)	The Committee received a request about how a customer accounts for a 'Software as a Service' cloud computing arrangement in which the customer contracts to pay a fee in exchange for a right to receive access to the supplier's application software for a specified term. The supplier's software runs on cloud infrastructure managed and controlled by the supplier. The customer accesses the software on an as needed basis over the internet or via a dedicated line. The contract does not convey to the customer any rights over tangible assets. Does the customer receive a software asset at the contract commencement date or a service over the contract term? The Committee noted that a customer receives a software asset at the contract commencement date if either (a) the contract contains a software lease, or (b) the customer otherwise obtains control of software at the contract commencement date. A software lease IFRS 16 Leases defines a lease as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. Paragraphs 9 and B9 of IFRS 16 explain that a contract conveys the right to use an asset if, throughout the period of use, the customer has both: a) the right to obtain substantially all the economic benefits from use of the asset (an identified asset); and b) the right to direct the use of that asset. Paragraphs B9–B31 of IFRS 16 provide application guidance on the definition of a lease. Among other requirements, that application guidance specifies that a customer generally has the right to direct the use of an asset by having decision-making rights to change how and for what purpose the asset is used throughout the period of use. Accordingly, in a contract that contains a lease the supplier has given up those decision-making rights and transferred them to the customer at the lease commencement date. The Committee observed that a right to receive future access to the supplier's software running on the supplier's cloud infrastructure does not in itself give the customer any decision-making rights about how and for what purpose the software is used—the supplier would have those rights by, for example, deciding how and when to update or reconfigure the software, or deciding on which hardware (or infrastructure) the software will run. Accordingly, if a contract conveys to the customer only the right to receive access to the supplier's application software over the contract term, the contract does not contain a software lease. A software intangible asset	Mar-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		IAS 38 defines an intangible asset as ‘an identifiable non-monetary asset without physical substance’. It notes that an asset is a resource controlled by the entity and paragraph 13 specifies that an entity controls an intangible asset if it has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. The Committee observed that, if a contract conveys to the customer only the right to receive access to the supplier’s application software over the contract term, the customer does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier’s software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others’ access to those benefits. Consequently, the Committee concluded that a contract that conveys to the customer only the right to receive access to the supplier’s application software in the future is a service contract. The customer receives the service—the access to the software—over the contract term. If the customer pays the supplier before it receives the service, that prepayment gives the customer a right to future service and is an asset for the customer. The Committee concluded that the requirements in IFRS Standards provide an adequate basis for an entity to account for fees paid or payable to receive access to the supplier’s application software in Software as a Service arrangements. Consequently, the Committee decided not to add this matter to its standard-setting agenda. <i>Agenda paper 7: Report to the Board</i> Respondents to the tentative agenda decision highlighted shortcomings in the requirements of IAS 38 in their application to intangible asset arrangements linked to digitalisation.	
IAS 38	Holdings of Crypto Currencies	The Committee discussed how IFRS Standards apply to holdings of cryptocurrencies. The Committee noted that a range of cryptoassets exist. For the purposes of its discussion, the Committee considered a subset of cryptoassets with all the following characteristics that this agenda decision refers to as a ‘cryptocurrency’: a) a digital or virtual currency recorded on a distributed ledger that uses cryptography for security. b) not issued by a jurisdictional authority or other party. c) does not give rise to a contract between the holder and another party. Nature of a cryptocurrency Paragraph 8 of IAS 38 Intangible Assets defines an intangible asset as ‘an identifiable nonmonetary asset without physical substance’. Paragraph 12 of IAS 38 states that an asset is identifiable if it is separable or arises from contractual or other legal rights. An asset is separable if it ‘is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability’.	Jun-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph 16 of IAS 21 The Effects of Changes in Foreign Exchange Rates states that ‘the essential feature of a non-monetary item is the absence of a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency’. The Committee observed that a holding of cryptocurrency meets the definition of an intangible asset in IAS 38 on the grounds that (a) it is capable of being separated from the holder and sold or transferred individually; and (b) it does not give the holder a right to receive a fixed or determinable number of units of currency. Which IFRS Standard applies to holdings of cryptocurrencies? The Committee concluded that IAS 2 Inventories applies to cryptocurrencies when they are held for sale in the ordinary course of business. If IAS 2 is not applicable, an entity applies IAS 38 to holdings of cryptocurrencies. The Committee considered the following in reaching its conclusion. Intangible Asset IAS 38 applies in accounting for all intangible assets except: a) those that are within the scope of another Standard; b) financial assets, as defined in IAS 32 Financial Instruments: Presentation; c) the recognition and measurement of exploration and evaluation assets; and d) expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources. Accordingly, the Committee considered whether a holding of cryptocurrency meets the definition of a financial asset in IAS 32 or is within the scope of another Standard. Financial asset Paragraph 11 of IAS 32 defines a financial asset. In summary, a financial asset is any asset that is: (a) cash; (b) an equity instrument of another entity; (c) a contractual right to receive cash or another financial asset from another entity; (d) a contractual right to exchange financial assets or financial liabilities with another entity under particular conditions; or (e) a particular contract that will or may be settled in the entity’s own equity instruments. The Committee concluded that a holding of cryptocurrency is not a financial asset. This is because a cryptocurrency is not cash (see below). Nor is it an equity instrument of another entity. It does not give rise to a contractual right for the holder and it is not a contract that will or may be settled in the holder’s own equity instruments. Cash Paragraph AG3 of IAS 32 states that ‘currency (cash) is a financial asset because it represents the medium of exchange and is therefore the basis on which all transactions are measured and recognised in financial statements. A deposit of cash with a bank	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		or similar financial institution is a financial asset because it represents the contractual right of the depositor to obtain cash from the institution or to draw a cheque or similar instrument against the balance in favour of a creditor in payment of a financial liability'. The Committee observed that the description of cash in paragraph AG3 of IAS 32 implies that cash is expected to be used as a medium of exchange (ie used in exchange for goods or services) and as the monetary unit in pricing goods or services to such an extent that it would be the basis on which all transactions are measured and recognised in financial statements. Some cryptocurrencies can be used in exchange for particular good or services. However, the Committee noted that it is not aware of any cryptocurrency that is used as a medium of exchange and as the monetary unit in pricing goods or services to such an extent that it would be the basis on which all transactions are measured and recognised in financial statements. Consequently, the Committee concluded that a holding of cryptocurrency is not cash because cryptocurrencies do not currently have the characteristics of cash. Inventory IAS 2 applies to inventories of intangible assets. Paragraph 6 of that Standard defines inventories as assets: a) held for sale in the ordinary course of business; b) in the process of production for such sale; or c) in the form of materials or supplies to be consumed in the production process or in the rendering of services. The Committee observed that an entity may hold cryptocurrencies for sale in the ordinary course of business. In that circumstance, a holding of cryptocurrency is inventory for the entity and, accordingly, IAS 2 applies to that holding. The Committee also observed that an entity may act as a broker-trader of cryptocurrencies. In that circumstance, the entity considers the requirements in paragraph 3(b) of IAS 2 for commodity broker-traders who measure their inventories at fair value less costs to sell. Paragraph 5 of IAS 2 states that broker-traders are those who buy or sell commodities for others or on their own account. The inventories referred to in paragraph 3(b) are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. Disclosure In addition to disclosures otherwise required by IFRS Standards, an entity is required to disclose any additional information that is relevant to an understanding of its financial statements (paragraph 112 of IAS 1 Presentation of Financial Statements). In particular, the Committee noted the following disclosure requirements in the context of holdings of cryptocurrencies: a) An entity provides the disclosures required by (i) paragraphs 36–39 of IAS 2 for cryptocurrencies held for sale in the ordinary course of business; and (ii) paragraphs 118–128 of IAS 38 for holdings of cryptocurrencies to which it applies IAS 38. b) If an entity measures holdings of cryptocurrencies at fair value, paragraphs 91–99 of IFRS 13 Fair Value Measurement specify applicable disclosure requirements.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		c) Applying paragraph 122 of IAS 1, an entity discloses judgements that its management has made regarding its accounting for holdings of cryptocurrencies if those are part of the judgements that had the most significant effect on the amounts recognised in the financial statements. d) Paragraph 21 of IAS 10 Events after the Reporting Period requires an entity to disclose details of any material non-adjusting events, including information about the nature of the event and an estimate of its financial effect (or a statement that such an estimate cannot be made). For example, an entity holding cryptocurrencies would consider whether changes in the fair value of those holdings after the reporting period are of such significance that non-disclosure could influence the economic decisions that users of financial statements make on the basis of the financial statements.	
IAS 38	Player Transfer Payments	The Committee received a request about the recognition of player transfer payments received. In the fact pattern described in the request: a) a football club (entity) transfers a player to another club (receiving club). When the entity recruited the player, the entity registered the player in an electronic transfer system. Registration means the player is prohibited from playing for another club, and requires the registering club to have an employment contract with the player that prevents the player from leaving the club without mutual agreement. Together the employment contract and registration in the electronic transfer system are referred to as a 'registration right'. b) the entity had recognised costs incurred to obtain the registration right as an intangible asset applying IAS 38. As part of its ordinary activities, the entity uses and develops the player through participation in matches, and then potentially transfers the player to another club. c) the entity and the receiving club enter into a transfer agreement under which the entity receives a transfer payment from the receiving club. The transfer payment compensates the entity for releasing the player from the employment contract before the contract ends. The registration in the electronic transfer system is not transferred to the receiving club but, legally, is extinguished when the receiving club registers the player and obtains a new right. d) the entity derecognises its intangible asset upon the receiving club registering the player in the electronic transfer system. The request asked whether the entity recognises the transfer payment received as revenue applying IFRS 15 Revenue from Contracts with Customers or, instead, recognises the gain or loss arising from the derecognition of the intangible asset in profit or loss applying IAS 38. Recognition of transfer payment received In the fact pattern described in the request, the entity recognised the registration right as an intangible asset applying IAS 38. Accordingly, the entity applies the derecognition requirements in IAS 38 on derecognition of that right. Paragraph 113 of IAS 38 states that 'the gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised ... Gains shall not be classified as revenue'. Applying that paragraph, the entity recognises in	Jun-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		profit or loss, but not as revenue, the difference between the net disposal proceeds and the carrying amount of the registration right. Does the transfer payment represent disposal proceeds? The transfer payment arises from the transfer agreement, which requires the entity to release the player from the employment contract. The entity is therefore required to undertake some action for the right to be extinguished. Accordingly, the transfer payment compensates the entity for its action in disposing of the registration right and, thus, is part of the net disposal proceeds described in paragraph 113 of IAS 38. The Committee concluded that, in the fact pattern described in the request, the entity recognises the transfer payment received as part of the gain or loss arising from the derecognition of the registration right applying paragraph 113 of IAS 38. In the fact pattern described in the request (in which the entity recognises the registration right as an intangible asset), the entity does not recognise the transfer payment received, or any gain arising, as revenue applying IFRS 15. Statement of cash flows IAS 7 Statement of Cash Flows lists cash receipts from sales of intangibles as an example of cash flows arising from investing activities. Accordingly, in the fact pattern described in the request, the entity presents cash receipts from transfer payments as part of investing activities. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for the entity to determine the recognition of player transfer payments received. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IAS 38	Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38)	The Committee received a request about how a customer accounts for costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. In the fact pattern described in the request: a) a customer enters into a SaaS arrangement with a supplier. The contract conveys to the customer the right to receive access to the supplier's application software over the contract term. That right to receive access does not provide the customer with a software asset and, therefore, the access to the software is a service that the customer receives over the contract term. b) the customer incurs costs of configuring or customising the supplier's application software to which the customer receives access. The request describes configuration and customisation as follows: a) configuration involves the setting of various 'flags' or 'switches' within the application software, or defining values or parameters, to set up the software's existing code to function in a specified way. b) customisation involves modifying the software code in the application or writing additional code. Customisation generally changes, or creates additional, functionalities within the software. c) the customer receives no other goods or services.	Apr-21

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		In analysing the request, the Committee considered: a) whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software (Question I). b) if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs (Question II). Does the customer recognise an intangible asset in relation to configuration or customisation of the application software (Question I)? Applying paragraph 18 of IAS 38, an entity recognises an item as an intangible asset when the entity demonstrates that the item meets both the definition of an intangible asset and the recognition criteria in paragraphs 21–23 of IAS 38. IAS 38 defines an intangible asset as ‘an identifiable non-monetary asset without physical substance’. IAS 38 notes that an asset is a resource controlled by an entity and paragraph 13 specifies that an entity controls an asset if it has ‘the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits’. In the fact pattern described in the request, the supplier controls the application software to which the customer has access. The assessment of whether configuration or customisation of that software results in an intangible asset for the customer depends on the nature and output of the configuration or customisation performed. The Committee observed that, in the SaaS arrangement described in the request, the customer often would not recognise an intangible asset because it does not control the software being configured or customised and those configuration or customisation activities do not create a resource controlled by the customer that is separate from the software. In some circumstances, however, the arrangement may result in, for example, additional code from which the customer has the power to obtain the future economic benefits and to restrict others’ access to those benefits. In that case, in determining whether to recognise the additional code as an intangible asset, the customer assesses whether the additional code is identifiable and meets the recognition criteria in IAS 38. If an intangible asset is not recognised, how does the customer account for the configuration or customisation costs (Question II)? If the customer does not recognise an intangible asset in relation to configuration or customisation of the application software, it applies paragraphs 68–70 of IAS 38 to account for those costs. The Committee observed that: a) the customer recognises the costs as an expense when it receives the configuration or customisation services (paragraph 69). Paragraph 69A specifies that ‘services are received when they are performed by a supplier in accordance with a contract to deliver them to the entity and not when the entity uses them to deliver another service’. In assessing when to recognise the costs as an expense, IAS 38 therefore requires the customer to determine when the supplier performs the configuration or customisation services in accordance with the contract to deliver those services. b) IAS 38 includes no requirements that deal with the identification of the services the customer receives in determining when the supplier performs those services in accordance with the contract to deliver them. Paragraphs 10–11 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors require the customer to refer to, and consider the	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		applicability of, the requirements in IFRS Standards that deal with similar and related issues. The Committee observed that IFRS 15 Revenue from Contracts with Customers includes requirements that suppliers apply in identifying the promised goods or services in a contract with a customer. For the fact pattern described in the request, those requirements in IFRS 15 deal with issues similar and related to those faced by the customer in determining when the supplier performs the configuration or customisation services in accordance with the contract to deliver those services. c) if the contract to deliver the configuration or customisation services to the customer is with the supplier of the application software (including cases in which the supplier subcontracts services to a third party), the customer applies paragraphs 69–69A of IAS 38 and determines when the supplier of the application software performs those services in accordance with the contract to deliver them as follows: i. if the services the customer receives are distinct, then the customer recognises the costs as an expense when the supplier configures or customises the application software. ii. if the services the customer receives are not distinct (because those services are not separately identifiable from the customer's right to receive access to the supplier's application software), then the customer recognises the costs as an expense when the supplier provides access to the application software over the contract term. d) if the contract to deliver the configuration or customisation services to the customer is with a third-party supplier, the customer applies paragraphs 69–69A of IAS 38 and determines when the third-party supplier performs those services in accordance with the contract to deliver them. In applying these requirements, the customer recognises the costs as an expense when the third-party supplier configures or customises the application software. e) if the customer pays the supplier of the configuration or customisation services before receiving those services, it recognises the prepayment as an asset (paragraph 70 of IAS 38). Paragraphs 117–124 of IAS 1 Presentation of Financial Statements require the customer to disclose its accounting policy for configuration or customisation costs when that disclosure is relevant to an understanding of its financial statements. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for a customer to determine its accounting for configuration or customisation costs incurred in relation to the SaaS arrangement described in the request. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IAS 38	Recognition of Intangible Assets from Climate-related Expenditure	The Committee received a request about whether an entity's acquisitions of carbon credits and expenditure on research activities and development activities meet the requirements in IAS 38 to be recognised as intangible assets. Fact pattern A summary of the fact pattern described in the request is as follows: a. an entity made a commitment in 2020 and 2021 to other parties to reduce a percentage of its carbon emissions by 2030 (referred to as a '2030 commitment').	Apr-25

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b. the entity has taken ‘affirmative actions’ and, in its view, has created an established pattern of practice to achieve its 2030 commitment. These affirmative actions include: (i) creating a transition plan; (ii) engaging with ‘net zero focused investors’; (iii) publishing its commitment and plans on its website; (iv) joining coalitions with a mission to collaborate to achieve emissions reductions; (v) stating its emission reduction targets in its financial statements and in presentations to investors and others; and (vi) allocating capital to buying carbon credits and investing in ‘innovation programs’ purposed to find solutions to reduce emissions to meet its 2030 commitment. c. the entity’s innovation programs will typically involve creating teams of people with know-how, expertise and other intellectual property to create and develop solutions for emissions reductions specific to the entity or its sector and will result in the creation of intellectual capital. d. the entity’s investors, insurers and bankers have made their own transition commitments relying on the entity’s actions. e. the entity has concluded that its 2030 commitment and subsequent affirmative actions have created a constructive or legal obligation applying IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>. As described in the April 2024 Agenda Decision <i>Climate-related Commitments</i> (IAS 37), if an entity has a constructive or legal obligation, the entity considers the criteria in paragraph 14 of IAS 37 in determining whether it recognises a provision for the costs of fulfilling that obligation. The Committee also observed that the entity separately assesses whether it recognises an asset or an expense. The request asks whether, during its 2024 annual reporting period, the entity’s acquisitions of carbon credits and expenditure on research activities and development activities, resulting in intellectual capital from innovation programs as described in the fact pattern, meet the requirements in IAS 38 to be recognised as intangible assets. Additional background The IASB has been researching and engaging with stakeholders about the prevalence and significance of pollutant pricing mechanisms (PPMs), some of which include the use of carbon credits. While a project on PPMs remains on its reserve list, the IASB expects to decide during its next agenda consultation whether to add a project on the accounting for PPMs to its work plan. Accordingly, the Committee did not consider the question about the accounting for acquisitions of carbon credits separately from the IASB’s research on PPMs. The Committee instead considered only the question about the accounting for expenditure on research activities and development activities. Findings and conclusion	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Evidence gathered by the Committee indicated no material diversity in the accounting for expenditure on research activities and development activities. Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
Click here to return to top of the table			
IAS 39	IAS 39 - Hedge effectiveness tests – vacillations in effectiveness/timing of tests	The IFRIC considered whether under IAS 39 an entity that designates a hedging instrument in a hedge that fails the retrospective effectiveness test can subsequently redesignate the hedging instrument in a hedge of the same financial asset or liability and obtain hedge accounting for a subsequent period in which the hedge is effective. The IFRIC noted that the Standard did not preclude redesignation of the hedging instrument in a hedge of the same financial asset or liability in a subsequent period provided the hedge meets the hedge accounting requirements in IAS 39. It concluded that, although having practical relevance, the did not involve significantly divergent interpretations. Accordingly, the IFRIC decided not to add the topic to its agenda.	Jun-05
IAS 39	IAS 39 - Impairment of an Equity Security	The IFRIC considered whether to develop guidance on how to determine whether under paragraph 61 of IAS 39 (as revised in March 2004) there has been a 'significant or prolonged decline' in the fair value of an equity instrument below its cost in the situation when an impairment loss has previously been recognised for an investment classified as available for sale. The IFRIC decided not to develop any guidance on this issue. The IFRIC noted that IAS 39 referred to original cost on initial recognition and did not regard a prior impairment as having established a new cost basis. The IFRIC also noted that IAS 39 Implementation Guidance E.4.9 states that further declines in value after an impairment loss is recognised in profit or loss are also recognised in profit or loss. Therefore, for an equity instrument for which a prior impairment loss has been recognised, 'significant' should be evaluated against the original cost at initial recognition and 'prolonged' should be evaluated against the period in which the fair value of the investment has been below original cost at initial recognition. The IFRIC was of the view that IAS 39 is clear on these points when all of the evidence in the requirements and the implementation guidance of IAS 39 are viewed together.	Jun-05
IAS 39	IAS 39 - Meaning of delivery	The IFRIC considered the application of the 'own purchase, sale or usage requirements' scope exemption in paragraph 5 of IAS 39 when: - the market design or process imposes a structure or intermediary (e.g. a gold refiner or an electricity market operator) that prevents the producer from physically delivering its production to the counterparty of the hedge pricing contract, and - in some cases, physical delivery is to the intermediary for the spot price, even if the producer is protected from spot price risk by a separate contract that effectively sets a fixed price for the producer's production.	Aug-05

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC noted that 'delivery' for the purposes of the paragraph 5 exemption is not necessarily restricted to the physical delivery of the underlying to a specific customer, as physical delivery is not a condition of the exemption. The IFRIC was of the view that delivery of gold to a refiner in return for an allocation of an equivalent quantity of refined gold was not delivery, but that allocation of that refined gold to a customer's account could be regarded as delivery. The IFRIC decided not to develop guidance on the meaning of 'delivery' as it was not aware of evidence of significant diversity in practice. The IFRIC indicated that a synthetic arrangement that results from the linking of a non deliverable contract entered into with a customer to fix the price of a commodity with a transaction to buy or sell the commodity through an intermediary would not satisfy the paragraph 5 scope exemption. The IFRIC decided not to add this topic to its agenda, since IAS 39 was clear on both points.	
IAS 39	IAS 39 - Retention of servicing rights	The IFRIC was asked to provide guidance on whether an arrangement under which an entity has transferred the contractual rights to receive the cash flows of a financial asset but continues to provide servicing on the transferred asset would fail the definition of a transfer of cash flows in terms of IAS 39 paragraph 18(a). The IFRIC noted that paragraph 18(a) focuses on whether an entity transfers the contractual rights to receive the cash flows from a financial asset. The determination of whether the contractual rights to cash flows have been transferred is not affected by the transferor retaining the role of an agent to administer collection and distribution of cash flows. Therefore, retention of servicing rights by the entity transferring the financial asset does not in itself cause the transfer to fail the requirements in paragraph 18 (a) of IAS 39. The IFRIC decided not to add the to its agenda as it did not expect significant diversity in practice to arise.	Nov-05
IAS 39	IAS 39 - Revolving structures	The IFRIC discussed a request for guidance on whether 'revolving' structures would meet the pass-through requirements in paragraph 19(c) of IAS 39. In a revolving structure an entity collects cash flows on behalf of eventual recipients and uses the amounts collected to purchase new assets instead of remitting the cash to the eventual recipients. On maturity the principal amount is remitted to the eventual recipients from the cash flows arising from the reinvested assets. The IFRIC noted that in order to meet the pass-through arrangement requirements in IAS 39 paragraph 19 (c) an entity is required to remit any cash flows it collects on behalf of eventual recipients without material delay. This paragraph also limits permissible reinvestments to items that qualify as cash or cash equivalents. Most revolving arrangements would involve a material delay before the original collection of cash is remitted. Furthermore, the nature of the new assets typically acquired means that most revolving arrangements involve reinvestment in assets that would not qualify as cash or cash equivalents. Therefore, it is clear that such structures would not meet the requirements in paragraph 19 (c) of IAS 39. Consequently, the IFRIC decided not to add the to its agenda as it did not expect significant diversity in practice to arise.	Nov-05
IAS 39	IAS 39 - Valuation of electricity derivatives	The IFRIC received a request for guidance on the treatment of certain principal-to-principal derivatives designed to fix the price of a supply of electricity by linking it with a transaction to buy or sell the electricity through an intermediary. In a related agenda decision published in IFRIC Update for August 2005, the IFRIC noted that such derivatives did not fall under the exemption from IAS 39 for contracts for the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		usage requirements. The question therefore arose whether such contracts fell under the exception from valuation in IAS 39 for derivatives linked to unquoted equity instruments and, if not, how they should be valued. Valuation issues included the facts that the derivative had a variable notional amount and that the term of the derivative might extend well beyond the period for which there were any observable market data. The IFRIC noted that the only exception in IAS 39 from the requirement to fair value derivatives after initial recognition is given in paragraph 46(c), amplified by paragraphs AG80 and AG81, and that it was not appropriate to extend this exemption to the derivatives considered in this request. The IFRIC noted further that IAS 39 contains general principles on how to measure fair value. The IFRIC decided that it should not seek to develop more detailed guidance on this topic, since the subject was too specific.	
IAS 39	IAS 39 - Testing of hedge effectiveness on a cumulative basis	The IFRIC was asked to consider a situation in which an entity uses regression analysis to assess both retrospective and prospective effectiveness. In measuring hedge effectiveness at the initial stage of the hedging relationship, the entity finds that the actual dollar-to-dollar comparison of the changes in the fair value or cash flows of the hedged item that are attributable to the hedged risk and the changes in the fair value or cash flows of the hedging instrument was outside a range of 80-125 per cent. The issue was whether such a result meant that the entity failed to qualify for hedge accounting in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The IFRIC noted that IAS 39 distinguishes the requirement to perform periodic hedge effectiveness tests from the requirement to measure and recognise hedge effectiveness and ineffectiveness. The IFRIC noted that measurement of hedge effectiveness and ineffectiveness requires the comparison of the actual gains or losses on the hedging However, the IFRIC observed that IAS 39 does not specify a single method for assessing retrospective and prospective hedge effectiveness. Paragraph 88 of IAS 39 requires that an entity should document the method for assessing hedge effectiveness at inception of the hedging relationship and apply the same method consistently over the life of the hedging relationship. The entity should use the documented method to perform the tests. The IFRIC believed that the fact that the dollar-to-dollar comparison of the changes in the fair value or cash flows of the hedged items and the changes in the fair value or cash flows of the hedging instrument falls outside a range of 80-125 per cent does not necessarily result in the entity failing to qualify for hedge accounting, provided that the dollar-to-dollar comparison is not the method documented at inception of the hedge for assessing hedge effectiveness. The IFRIC also noted that, regardless of how hedge effectiveness is assessed, IAS 39 requires any hedge ineffectiveness. The IFRIC noted that specifying how to apply a particular method for assessing hedge effectiveness would require development of application guidance (rather than an Interpretation). The IFRIC, therefore, decided not to take the issue onto the agenda.	Nov-06
IAS 39 / IAS 32	IAS 32 - Changes in the contractual terms of an existing equity instrument resulting in it being	See above (click link on left to access)	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	reclassified to financial liability		
IAS 39	IAS 39 - Definition of a derivative: Indexation on own EBITDA or own revenue	In July 2006 the IFRIC published a tentative agenda decision that explained why it had decided not to issue guidance on whether a contract that is indexed to an entity's own revenue or own earnings before interest, tax, depreciation and amortisation (EDITDA) is (or might contain) a derivative. The tentative agenda decision addressed two issues: • whether the exclusion from the definition of a derivative of contracts linked to non-financial variables that are specific to a party to the contract applies only to insurance contracts • whether EBITDA or revenue is a financial or non-financial variable. The tentative agenda decision concluded that: • the exclusion from the definition of a derivative of contracts linked to non-financial variables that are specific to a party to the contract is not restricted to insurance contracts, on the basis of the current drafting of the standard; and • although IAS 39 is unclear whether revenue or EBITDA is a financial or non-financial variable, the IFRIC would not take this issue onto its agenda because it was unlikely to reach a consensus on a timely basis. At the January 2007 meeting, the IFRIC decided to withdraw the tentative agenda decision. Having reconsidered the issue, the IFRIC noted that taking no action would allow continued significant diversity in practice regarding how financial and non-financial variables were determined. Consequently, the IFRIC directed the staff to refer the issue to the Board. The IFRIC recommended that the Board should amend IAS 39 (possibly as part of the annual improvements process) to limit to insurance contracts the exclusion from the definition of a derivative of contracts linked to non-financial variables that are specific to a party to the contract.	Jan-07
IAS 39	IAS 39 - Short Trading	The IFRIC received a submission regarding the accounting for short sales of securities when the terms of the short sales require delivery of the securities within the time frame established generally by regulation or convention in the marketplace concerned. A fixed price commitment between trade date and settlement date of a short sale contract meets the definition of a derivative according to IAS 39 paragraph 9. However, the submission noted that entities that enter into regular way purchase or sales of financial assets are allowed to choose trade date or settlement date accounting in accordance with IAS 39 paragraph 38. Therefore, the issue was whether short sales of securities should be eligible for the regular way exceptions (ie whether entities that enter into short sales are permitted to choose trade date or settlement date accounting).	Jan-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC noted that paragraphs AG55 and AG56 of IAS 39 address the recognition and derecognition of financial assets traded under regular way purchases and regular way sales of long positions. If the regular way exceptions are not applicable to short sales of securities, such short sales should be accounted for as derivatives and be measured at fair value with changes in fair value recognised in profit or loss. The IFRIC received several comment letters explaining an interpretation of IAS 39 that is commonly used in practice. Under that interpretation, entities that enter into short sales of securities are allowed to choose trade date or settlement date accounting. Specifically, practice recognises the short sales as financial liabilities at fair value with changes in fair value recognised in profit or loss. Under the industry practice, the same profit or loss amount is recognised as would have been recognised if short sales of securities were accounted for as derivatives but the securities are presented dif The IFRIC acknowledged that requiring entities to account for the short positions as derivatives may create considerable practical problems for their accounting systems and controls with little, if any, improvement to the quality of the financial information presented. For these reasons and because there is little diversity in practice, the IFRIC decided not to take the issue onto the agenda.	
IAS 39	IAS 39 - Financial Instruments puttable at an amount other than Fair Value	The IFRIC received a submission regarding the classification in the financial statements of the holders of financial instruments puttable at the option of the holders at an amount other than fair value (the puttable instruments). The submission noted that the issuer's contractual obligation to deliver cash requires the issuer to recognise financial liabilities in its financial statements in accordance with IAS 32 Financial Instruments: Presentation. The issues are: • how the puttable instruments should be accounted for in the financial statements of the holders, in particular, whether the accounting for the instruments in the financial statements of the holders should be symmetrical with that in the financial statements of the issuer • whether an entity that has control over an entity that has no equity instruments in issue is required to present consolidated financial statements in accordance with IAS 27 Consolidated and Separate Financial Statements as well as to recognise goodwill in accordance with IFRS Regarding the first issue, the IFRIC noted that IAS 32 and IAS 39 do not directly address whether the accounting for financial instruments in the financial statements of the holders should be symmetrical with that in the financial statements of the issuer. However, the IFRIC noted that the issuer of a financial instrument is required to classify it in accordance with IAS 32, whereas the holder is required to classify and account for it in accordance with IAS 39. The IFRIC noted that IAS 39 requires the holder to identify embedded derivatives of hybrid financial instruments. IAS 39 also requires the holder to account for the embedded derivatives separately if all the conditions in IAS 39 paragraph 11 are met. These requirements apply to the holder regardless of whether any embedded derivatives are accounted for separately in the financial statements of the issuer. In the light of the existing guidance in IAS 39, the IFRIC decided that the first issue should not be taken onto the agenda.	Jan-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Regarding the second issue, the IFRIC noted that the control of a subsidiary, and the resulting requirement for a parent to present consolidated financial statements in accordance with IAS 27 (including the requirement to recognise goodwill in accordance with IFRS 3) does not necessarily depend on the parent's owning equity instruments of the subsidiary. The IFRIC, therefore, decided not to take the second issue onto the agenda.	
IAS 39/ IAS 27	IAS 27 - Financial Instruments puttable at an amount other than Fair Value	See above (click link on left to access)	Jan-07
IAS 39	IAS 39 - Written options in retail energy contracts	The IFRIC received a request to interpret what is meant by 'written option' within the context of paragraph 7 of IAS 39. Under paragraph 7 of IAS 39 a written option to buy or sell a non-financial item that can be net settled (as defined in paragraph 5) cannot be considered to have been entered into for the purpose of meeting the reporting entity's normal purchase, sale and usage requirements. The application of this paragraph is illustrated in the current guidance. The submission was primarily concerned with the accounting for energy supply contracts to retail customers. Analysis of such contracts suggests that in many situations these contracts are not capable of net cash settlement as laid out in paragraphs 5 and 6 of IAS 39. If this is the case, such contracts would not be considered to be within the scope of IAS 39. In the light of the above, the IFRIC expected little divergence in practice and therefore decided not to take the item on to the agenda.	Mar-07
IAS 39	IAS 39 - Assessing hedge effectiveness of an interest rate swap in a cash flow hedge	The IFRIC was asked whether, when an entity designates an interest rate swap as a hedging instrument in a cash flow hedge, the entity is allowed to consider only the undiscounted changes in cash flows of the hedging instrument and the hedged item in assessing hedge effectiveness for hedge qualification purposes. The IFRIC noted that when an interest rate swap is designated as a hedging instrument, a reason for ineffectiveness is the mismatch of the timing of interest payments or receipts of the swap and the hedged item. To take into account the timing of cash flows from interest payments or receipts in assessing hedge effectiveness, entities need also to take into account the time value of money. IAS 39 states that ineffectiveness arises when the principal terms of the hedged item do not match perfectly with those of the hedging instrument (see paragraph AG108 of IAS 39). The IFRIC observed that a consequence of a comparison between changes in undiscounted cash flows of an interest rate swap and changes in undiscounted cash flows of the hedged item for assessing hedge effectiveness is that only a portion of the movements in fair value of the swap is taken into account. The IFRIC noted that such a method for assessing hedge effectiveness would not meet the requirements in IAS 39. IAS 39 paragraph 74 does not allow the bifurcation of the fair value of a derivative hedging instrument for hedge designation purposes, unless the	Mar-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		derivative hedging instrument is an option or a forward contract. The only exceptions permitted in IAS 39 paragraph 74 are separating the intrinsic value and time value of an option and separating the interest element and the spot price of a forward contract. In the light of the above requirements in IFRSs, the IFRIC did not expect significant diversity in practice in the application of those requirements. The IFRIC, therefore, decided not to take the issue onto the agenda.	
IAS 39 / IAS 1	IAS 1 - Presentation of held for sale financial instruments	See below (click link on left to access)	May-07
IAS 39	IAS 39 - Gaming transactions	The IFRIC considered a submission relating to the accounting for wagers received by a gaming institution. The IFRIC noted the definitions of financial assets and financial liabilities in IAS 32 Financial Instruments: Presentation, and the application guidance in paragraph AG8 of IAS 32. It noted that when a gaming institution takes a position against a customer, the resulting unsettled wager is a financial instrument that is likely to meet the definition of a derivative financial instrument and should be accounted for under IAS 39. In other situations, a gaming institution does not take positions against customers but instead provides services to manage the organisation of games between two or more gaming parties. The gaming institution earns a commission for such services regardless of the outcome of the wager. The IFRIC noted that such a commission was likely to meet the definition of revenue and would be recognised when the conditions in IAS 18 Revenue were met. The IFRIC did not consider that there was widespread divergence in practice in this area and therefore decided not to take the issue on to its agenda.	Jul-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 39	IAS 39 - Hedging multiple risks with a single derivative hedging instrument	The IFRIC was asked to provide guidance on how an entity should apply the requirements of paragraph 76(b) of IAS 39 to demonstrate hedge effectiveness when it designates a single derivative hedging instrument as a hedge of more than one type of risk. The answer to Question F.1.13 of the Guidance on Implementing IAS 39 requires an entity to assess the hedge effectiveness of each different risk position separately. In order to satisfy this requirement, IG F.1.13 imputed equal and opposite functional currency legs, which did not exist in the contractual terms of the derivative hedging instrument, as a basis to split the fair value of the derivative hedging instrument into multiple components. In addition, IG F.1.12 permits an entity to designate a derivative simultaneously as a hedging instrument in both a cash flow hedge and a fair value hedge. The submission asked whether the approach set out in IG F.1.13 can be extended to other circumstances. The IFRIC noted that, although IG F.1.12 and IG F.1.13 allow an entity to impute a notional leg as a means of splitting the fair value of a derivative hedging instrument into multiple components for assessing hedge effectiveness, the split should not result in the recognition of cash flows that do not exist in the c In addition, the IFRIC noted that IAS 39 requires an entity to document, at the inception of the hedge, how it will assess hedge effectiveness. IAS 39 requires the entity to apply the chosen method consistently over the life of the hedging relationship. The IFRIC noted that the issue concerned how to assess hedge effectiveness. Therefore, the IFRIC decided not to take the issue on to the agenda because any guidance developed would be more in the nature of application guidance than an interpretation.	Jul-07
IAS 39	IAS 39 - Hedging future cash flows with purchased options	The IFRIC received requests relating to a situation in which an entity designates an option, in its entirety, as a hedging instrument to hedge a one-sided variability in future cash flows in a cash flow hedge. All changes in the fair value of the option (including changes in the time value component) are considered in assessing and measuring hedge effectiveness. The requests suggested the following approach to assessing and measuring hedge effectiveness. An entity could compare all changes in the fair value of the purchased option with changes in the fair value of a hypothetical written option that has the same maturity date and notional amount as the hedged item. The requests noted that such an approach would minimise or eliminate hedge ineffectiveness when the terms of the purchased option and the hypothetical written option perfectly matched. The IFRIC was asked whether IAS 39 allows such an approach. The IFRIC noted that some respondents to its tentative agenda decision believed that the issue was complex and that there was diversity in practice regarding whether the approach suggested or other similar approaches are allowed under IAS 39. However, the IFRIC decided not to take the issue on to its agenda because the Board has recently decided to propose an amendment to IAS 39 to clarify what risks and cash flows can be designated as hedged risks and hedged portions of risks for hedge accounting purposes. The IFRIC noted that the Board's project will specifically address the issue discussed in this agenda decision. (Discussed IFRIC Update September 2007)	Sep-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		For these reasons, and because the IFRIC did not expect divergence in practice, the IFRIC decided not to take this item on to the agenda. UPDATE: On 31 July 2008 the IASB published <i>Eligible Hedged Items</i>, an amendment to IAS 39. The Amendment aims to clarify the application of some of IAS 39's requirements on designation of a risk or a portion of cash flows for hedge accounting purposes, including hedge effectiveness when designating a one-sided risk using a purchased option. Subject to limited exceptions, IAS 39 requires that a hedging instrument is a derivative in its entirety. One of the exceptions is IAS 39.74(a)'s permission to exclude the time value of an option from the hedge accounting relationship. In relation to hedge effectiveness when hedging a one-sided risk with a purchased option, the Amendment inserted new paragraphs AG110A and AG110B to explain the interaction between this choice and the effectiveness of the hedge relationship.	
IAS 39	IAS 39 - Scope of IAS 39 paragraph 2(g)	The IFRIC received a request for guidance on the appropriate interpretation of IAS 39 paragraph 2(g). This paragraph exempts from the scope of IAS 39 'contracts between the acquirer and a vendor in a business combination to buy or sell an acquiree at a future date'. The submission asked whether this scope exception applies only to binding contracts to acquire shares that constitute a controlling interest in another entity within the period necessary to complete a business combination, or if it applies more widely. The submission also asked for guidance on whether the scope exception could be applied to other similar transactions, such as those to acquire an interest in an associate. The IFRIC acknowledged that the wording in paragraph 2(g) of IAS 39 is ambiguous and could lead to diversity in practice. For this reason, the IFRIC decided to ask the Board to clarify the standard, addressing in particular: • whether the scope exception in paragraph 2(g) applies to all contracts (including options) between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date. • whether the scope exception provided in paragraph 2(g) could be applied to similar transactions, such as those to acquire an interest in an associate. UPDATE: In <i>Improvements to IFRSs</i> issued in April 2009, the IASB amended IAS 39 to make clear that paragraph 2(g) should be restricted to forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree in a business combination at a future acquisition date and should not apply to option contracts, whether or not currently exercisable, that on exercise will result in control of an entity. The Board concluded that the purpose of paragraph 2(g) is to exempt from the provisions of IAS 39 contracts for business combinations that are firmly committed to be completed. Once the business combination is consummated, the entity follows the requirements of IFRS 3. Paragraph 2(g) applies only when completion of the business combination is not dependent on further	Jan-08

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		actions of either party (and only the passage of a normal period of time is required). Option contracts allow one party to control the occurrence or non-occurrence of future events depending on whether the option is exercised. The IASB concluded that the amendment to paragraph 2(g) should be applied prospectively to all unexpired contracts for annual periods beginning on or after 1 January 2010.	
IAS 39 / IAS 37	IAS 37 - Deposits on returnable containers	See above (click on link on left to access)	May-08
IAS 39	IAS 39 - Application of the effective interest method	The IFRIC was asked for guidance on the application of the effective interest rate method to a financial instrument whose cash flows are linked to changes in an inflation index. The submission suggested three possible changes. The IFRIC noted that paragraphs AG6-AG8 of IAS 39 Financial Instruments: Recognition and Measurement provide the relevant application guidance. Judgement is required to determine whether an instrument is a floating rate instrument within the scope of paragraph AG7 or an instrument within the scope of paragraph AG8. In view of the existing guidance in IAS 39, the IFRIC decided not to add this issue to its agenda. However, the IFRIC referred the issue to the Board with a recommendation that the Board should consider clarifying or expanding that application guidance.	Jul-08
IAS 39/ IAS 18	IAS 18 - Accounting for trailing commissions	See above (click link on left to access)	Sep-08
IAS 39	IAS 39 - Valuation of restricted securities	The IFRIC received a request for guidance on whether a discount must be applied to the quoted market price when establishing the fair value of a security quoted in an active market when there is a contractual, governmental or other legally enforceable restriction that prevents the sale of the security for a specified period. Guidance was requested only in situations in which the restriction applied to the current holder of the security and would not transfer to another entity. The IFRIC noted that any guidance it could provide would be in the nature of implementation guidance rather than an Interpretation. In its view, any additional guidance that is necessary should be provided by the Board in its project on fair value measurement. The IFRIC therefore decided not to add this issue to its agenda.	Nov-08

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 39	IAS 39 - Derecognition	The IFRIC was asked the following: 1) how the derecognition tests in IAS 39 should be applied to groups of financial assets, in particular, when a group of financial assets should be considered similar; and when the pass-through tests in IAS 39 should be applied to a transfer of a financial asset. At its meeting in July 2006, the IFRIC decided to refer these issues to the Board for clarification. The Board discussed these issues at its meeting in September 2006 and the Board's observations were communicated to the IFRIC at its meeting in November 2006. The IFRIC decided not to add the issue to the agenda. A tentative decision was published in the November 2006 IFRIC Update. At its meeting in January 2007, the IFRIC decided to add a limited scope project on derecognition to its agenda. However, the project has been inactive. Subsequently, the Board has accelerated its project to develop a replacement for the sections of IAS 39 that would have been interpreted by this IFRIC issue. The Board expects to issue a new standard on this topic no later than 2010. Therefore, the IFRIC decided to remove this issue from its agenda.	Mar-09
IAS 39	IAS 39 - Fair value measurements of financial instruments in inactive markets: determining the discount rate	The IFRIC received a submission containing a proposal on how a discount rate should be determined when fair value is established using a valuation technique. The submission deals about the issue where both the credit and liquidity spread components of the discount rate might not be observable in inactive markets. It suggested that, in such cases, the liquidity spread should not exceed that of a non-tradable loan or receivable which is comparable to the security being measured and that a model-based valuation should aim to calculate the value of a financial instrument that market participants would agree on if they were acting in a rational manner. The IFRIC noted that IAS 39's objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arms length exchange motivated by normal business considerations. Therefore, it incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Accordingly, the IFRIC concluded that any suggestion that a valuation technique should consider factors differently from the way a market participant would consider to arrive at a price that is different from the price a market participant would determine, as appeared to be the case in the approach proposed by the submission, would not be consistent with IAS 39. After its tentative agenda decision was published, the IFRIC received a further letter from the authors of the submission clarifying that:: • it was not their intention to suggest that within fair value computations particular factors should be adjusted away from a market participant's view • the current liquidity risk of a comparable non-tradable loan or receivable is one indicator that management could use in applying judgement when determining a liquidity spread rather than as an absolute limitation of liquidity risk • forced transactions, involuntary liquidations or distress sales are not relevant transactions for the purpose of determining fair value and, to the extent that their effect on a market price can be identified, that effect would be eliminated. The IFRIC also noted than any guidance it could provide would be in a nature of implementation guidance rather than an interpretation. In addition, the IASB has published the report of its Expert Advisory Panel which explains how experts measure and	Mar-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		disclose the fair value of financial instruments in inactive markets and a staff summary on the use of judgement to measure those values when markets are no longer active. These issues relates directly to the subjects discussed at the joint IASB/FASB round tables last Nov and Dec. In the IFRIC's view, any new or amended guidance that is necessary should be provided as a result of the Board's joint activities with the FASB and its fair value measurement project. Therefore the IFRIC decided not to add this issue to its agenda.	
IAS 39	IAS 39 - Participation rights and calculation of the effective interest rate	The IFRIC was asked for guidance on how an issuer should account for a financial liability that contains participation rights by which the instrument holder shares in the net income and losses of the issuer. The holder receives a percentage of the issuer's net income and is allocated a proportional share of the issuer's losses. Losses are applied to the nominal value of the instrument to be repaid on maturity. Losses allocated to the holder in one period can be offset by profits in subsequent periods. The IFRIC considered the issue without reconsidering the assumptions described in this request, namely that the financial liability: 1) does not contain any embedded derivatives; 2) is measured at amortized cost using the effective interest rate method and 3) does not meet the definition of a floating rate instrument. The IFRIC noted that the paragraphs AG6 and AG8 of IAS 39 provide the relevant guidance for measuring financial liabilities at amortised costs using the effective interest rate method. The IFRIC also noted it is inappropriate to analogise to the derecognition guidance in IAS 39 because the liability has not been extinguished. Because specific application guidance already exists, the IFRIC decided not to add this issue to its agenda.	May-09
IAS 39	IAS 39 - Classification of failed loan syndications	The IFRIC was asked whether a loan amount resulting from a loan syndication that the originator intends to sell in the near term must always be classified as held for trading. The question arises when loans are originated with an intention of syndication but the arranger fails to find sufficient commitments from other participants (failed syndications). The arranger then tries to sell the surplus loan amount to other parties in the near term rather than holding it for the foreseeable future. The IFRIC noted that the definitions of loans and receivables and financial asset or financial liability at fair value through profit or loss in paragraph 9 of IAS 39 determine the classification of a loan in such circumstances. The definition of loans and receivables explicitly requires a loan (or portion of a loan) that is intended to be sold immediately or in the near term to be classified as held for trading on initial recognition. Paragraph AG14 of IAS 39 describes characteristics that generally apply to financial instruments classified as held for trading. The IFRIC noted, however, that these general characteristics are not a prerequisite for all instruments the standard requires to be classified as held for trading. The IFRIC also noted that, in accordance with paragraph 50D of IAS 39, an entity would be permitted to consider reclassifying the surplus loan amount that it no longer intended to sell. Given the specific requirements in IAS 39, the IFRIC did not expect significant diversity in practice. Therefore the IFRIC decided not to add this issue to its agenda.	May-09
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement— Hedging using more than	The IFRIC received a request for guidance on how to apply the guidance in Q&A F.2.1 in the Guidance on Implementing IAS 39 Whether a derivative can be designated as a hedged item when an entity issues fixed interest rate foreign currency debt and then swaps it into floating interest rate local currency debt using a cross currency interest rate swap. The entity also enters into a local currency pay-fixed, receive-variable interest rate swap, which has a shorter duration than that of the cross-currency interest rate	July-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	one derivative as the hedging instrument	swap. The submission asks whether the guidance in Q&A F.2.1 prevents cash flows attributable to a derivative from being designated as the hedged cash flow in a hedge relationship. The IFRIC noted that paragraph 77 of IAS 39 states that two or more derivatives may be viewed in combination and jointly designated as the hedging instrument, including when the risk(s) arising from some derivatives offset(s) those arising from others (emphasis added). Consequently, the IFRIC noted that although IAS 39 permits a combination of derivatives to be jointly designated as the hedging instrument in a hedging relationship, it does not allow a 'synthetic hedged item' created by combining one derivative with a non-derivative financial instrument to be designated as the hedged item in a hedging relationship with another derivative. Given the requirements in IAS 39, the IFRIC concluded that any guidance it could provide would be in the nature of implementation guidance rather than an interpretation. Therefore, the IFRIC decided not to add this issue to its agenda.	
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement—Meaning of 'significant or prolonged'	The IFRIC received a request to provide guidance on the meaning of 'significant or prolonged' (as described in paragraph 61) in recognising impairment on available-for-sale equity instruments in accordance with IAS 39. The IFRIC agreed with the submission that significant diversity exists in practice on this issue. The IFRIC concluded that some of this diversity is the result of differing ways the requirements of IAS 39 are being implemented, some of which were identified in the submission. The IFRIC noted some applications in particular that are not in accordance with the requirements of IAS 39. For example: • The standard cannot be read to require the decline in value to be both significant and prolonged. Thus, either a significant or a prolonged decline is sufficient to require the recognition of an impairment loss. The IFRIC noted that in finalising the 2003 amendments to IAS 39, the Board deliberately changed the word from 'and' to 'or'. • Paragraph 67 of IAS 39 requires an entity to recognise an impairment loss on available-for-sale equity instruments if there is objective evidence of impairment. Paragraph 61 of IAS 39 states: 'A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.' [emphasis added] Consequently, the IFRIC concluded that when such a decline exists, recognition of an impairment loss is required. • The fact that the decline in the value of an investment is in line with the overall level of decline in the relevant market does not mean that an entity can conclude the investment is not impaired. • The existence of a significant or prolonged decline cannot be overcome by forecasts of an expected recovery of market values, regardless of their expected timing. Consequently, the IFRIC concluded that an anticipated market recovery is not relevant to the assessment of 'significant or prolonged'. • Paragraph AG83 and Q&A E.4.9 in the Guidance on Implementing IAS 39 Impairment of non-monetary available-for-sale financial asset both discuss the recognition of financial instruments denominated in foreign currencies. The IFRIC concluded that it is inappropriate to assess 'significant or prolonged' in the foreign currency in which the equity investment is	July-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		denominated. That assessment must be made in the functional currency of the entity holding the instrument because that is how any impairment loss is determined. The IFRIC noted that the applications that are not in accordance with the requirements of IAS 39 it discussed were examples only and were unlikely to be an exhaustive list of all the inconsistencies with the standard that might exist in practice. The IFRIC also noted that the determination of what constitutes a significant or prolonged decline is a matter of fact that requires the application of judgement. The IFRIC noted that this is true even though an entity may develop internal guidance to assist it in applying that judgement consistently. The IFRIC further noted that an entity would provide disclosure about the judgements it made in determining the existence of objective evidence and the amounts of impairment in accordance with paragraphs 122 and 123 of IAS 1 Presentation of Financial Statements and paragraph 20 of IFRS 7 Financial Instruments: Disclosures. Although the IFRIC recognised that significant diversity exists in practice, it noted that the Board has accelerated its project to develop a replacement for IAS 39 and expects to issue a new standard soon. Therefore, the IFRIC decided not to add this issue to its agenda.	
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement— Unit of account for forward contracts with volumetric optionality	The IFRIC received a request to add an item to its agenda on providing guidance on whether a contract that (a) obliges an entity to deliver (sell) at a fixed price a fixed number of units of a non-financial item that is readily convertible to cash and (b) that provides the counterparty with the option to purchase also at a fixed price a fixed number of additional units of the same item can be assessed as two separate contracts for the purpose of applying paragraphs 5-7 of IAS 39. Although the IFRIC recognised that significant diversity exists in practice, it noted that the Board has accelerated its project to develop a replacement for IAS 39 and expects to issue a new standard by the end of 2010. The Board will consider the scope of IAS 39, including the guidance about contracts to buy or sell non-financial items in IAS 39.5-7, as part of the replacement for that standard. Therefore, the IFRIC decided not to add this issue to its agenda.	Mar-10
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement — Impairment of financial assets reclassified from available-for-sale to loans and receivables	The Committee received a request for guidance on how an entity should account for the impairment of financial assets with a fixed maturity after they have been reclassified from the available-for-sale ('AFS') category to loans and receivables. The Committee noted that paragraph 50F and paragraph 54 of IAS 39 require that the fair value of a financial asset on the date of reclassification becomes its new cost or amortised cost. A new effective rate of interest is then calculated and applied to the financial asset. This is the rate that discounts the estimated future cash flows to the new carrying amount of the financial asset. The Committee also noted that, when an impairment loss is recognised, applying the requirements of paragraph 54 of IAS 39 would result in all gains or losses that have been recognised in other comprehensive income being reclassified from equity to profit or loss. The Committee noted that IAS 39 provides sufficient guidance on financial assets that are reclassified from AFS to loans and receivables and that it does not expect diversity in practice. Consequently, the Committee decided not to add this issue to its agenda.	Jul-10

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement—Derecognition of financial instruments upon modification	The Interpretations Committee received a request for guidance on the circumstances in which the restructuring of Greek government bonds (GGB) should result in derecognition in accordance with IAS 39 of the whole asset or only part of it. In particular, the Interpretations Committee has been requested to consider whether: - the portion of the old GGBs that are exchanged for twenty new bonds with different maturities and interest rates should be derecognised, or conversely accounted for as a modification or transfer that would not require derecognition? - IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors would be applicable in analysing the submitted fact pattern? - either paragraphs AG8 or AG62 of IAS 39 would be applicable to the fact pattern submitted if the GGBs were not derecognised? Exchange of financial instruments: derecognition? The Interpretations Committee noted that the request has been made within the context of a narrow fact pattern. The narrow fact pattern highlights the diversity in views that has arisen in relation to the accounting for the portion of the old GGBs that is exchanged for twenty new bonds with different maturities and interest rates. The submitter asked the Interpretations Committee to consider whether these should be derecognised, or conversely accounted for as a modification or transfer that would not require derecognition. In addition, the Interpretations Committee has been asked to consider whether IAS 8 would be applicable in analysing the submitted fact pattern, and whether the exchange can be considered to be a transfer within the scope of paragraph 17(b) of IAS 39. The Interpretations Committee observed that the term ‘transfer’ is not defined in IAS 39. However, the potentially relevant portion of paragraph 18 of IAS 39 states that an entity transfers a financial asset if it transfers the contractual rights to receive the cash flows of the financial asset. The Interpretations Committee noted that, in the fact pattern submitted, the bonds are transferred back to the issuer rather than being transferred to a third party. Accordingly, the Interpretations Committee believed that the transaction should be assessed against paragraph 17(a) of IAS 39. In applying paragraph 17(a), the Interpretations Committee noted that, in order to determine whether the financial asset is extinguished, it is necessary to assess the changes made as part of the bond exchange against the notion of ‘expiry’ of the rights to the cash flows. The Interpretations Committee also noted that, if an entity applies IAS 8 because of the absence in IAS 39 of an explicit discussion of when a modification of a financial asset results in derecognition, applying IAS 8 requires judgement to develop and apply an accounting policy. Paragraph 11 of IAS 8 requires that, in determining an appropriate accounting policy, consideration must first be given to the requirements in IFRSs that deal with similar and related issues. The Interpretations Committee noted that, in the fact pattern submitted, that requirement would lead to the development of an analogy to the notion of a substantial change of the terms of a financial liability in paragraph 40 of IAS 39.	Sep-12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph 40 sets out that such a change can be effected by the exchange of debt instruments or by modification of the terms of an existing instrument. Hence, if this analogy to financial liabilities is applied to financial assets, a substantial change of terms (whether effected by exchange or by modification) would result in derecognition of the financial asset. The Interpretations Committee noted that, if the guidance for financial liabilities is applied by analogy to assess whether the exchange of a portion of the old GGBs for twenty new bonds is a substantial change of the terms of the financial asset, the assessment needs to be made taking into consideration all of the changes made as part of the bond exchange. In the fact pattern submitted, the relevant facts led the Interpretations Committee to conclude that, in determining whether the transaction results in the derecognition of the financial asset, both approaches (ie extinguishment under paragraph 17(a) of IAS 39 or substantial change of the terms of the asset) would result in derecognition. The Interpretations Committee considered the following aspects of the fact pattern in assessing the extent of the change that results from the transaction: • A holder of a single bond has received, in exchange for one portion of the old bond, twenty bonds with different maturities and cash flow profiles as well as other instruments in accordance with the terms and conditions of the exchange transaction. • All of the bond-holders received the same restructuring deal irrespective of the terms and conditions of their individual holdings. This indicates that the individual instruments, terms and conditions were not taken into account. The different bonds (series) were not each modified in contemplation of their respective terms and conditions but were instead replaced by a new uniform debt structure. • The terms and conditions of the new bonds are substantially different from those of the old bonds. The changes include many different aspects, such as the change in governing law; the introduction of contractual collective action clauses and the introduction of a co-financing agreement that affects the rights of the new bond holders; and modifications to the amount, term and coupons. The Interpretations Committee noted that the starting point that it used for its analysis was the assumption in the submission that the part of the principal amount of the old GGBs that was exchanged for new GGBs could be separately assessed for derecognition. The Interpretations Committee emphasised that this assumption was more favourable for achieving partial derecognition than looking at the whole of the old bond. Hence, its conclusion that the old GGBs should be derecognised would apply even more so when taking into account that the exchange of the old GGBs was, as a matter of fact, the result of a single agreement that covered all aspects and types of consideration for surrendering the old GGBs. As a consequence, the Interpretations Committee noted that partial derecognition did not apply. Consequently, the Interpretations Committee decided not to add the issue to its agenda. Application of paragraphs AG62 or AG8 of IAS 39 to the submitted fact pattern The Interpretations Committee noted that the questions raised by the submitter assume that the old GGBs in the fact pattern would not be derecognised. In the submitted fact pattern, the Interpretations Committee concluded that the old GGBs are	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		derecognised. The Interpretations Committee noted that, because of its conclusion on derecognition, these questions did not need to be answered.	
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement—Classification of a GDP linked security	The Interpretations Committee received a request for guidance on the appropriate accounting for the GDP-linked security that was offered as part of the restructuring of Greek Government bonds (GGB). The submitter noted that IAS 39 refers to a ‘non-financial variable that is not specific to a party to the contract’ but does not define the meaning of that term. The Interpretations Committee noted that the four alternatives in the submitted fact pattern were based on the assumption that the indexation to the issuer’s GDP is a non-financial variable specific to a party to the contract. The Interpretations Committee noted that the question of what constitutes an underlying that is a non-financial variable specific to a party to the contract had been considered on several previous occasions by itself and by the IASB. Consequently, the Interpretations Committee was concerned that it would not be able to resolve the issue efficiently within the confines of existing IFRSs and the Conceptual Framework and the demands of the Interpretation process and that it was not likely that it would be able to reach a consensus on the issue on a timely basis. The Interpretations Committee therefore considered that the question of whether the assumption in the submission is appropriate would remain open. However, the Interpretations Committee thought that it could highlight some aspects that should be considered when assessing the accounting for the GDP-linked securities: • The GDP-linked security is a structured option that entitles the holder to cash payments depending on the nominal and the real GDP of the issuer exceeding particular thresholds. • Mandatory classification as at fair value through profit or loss only applies, by definition, if the GDP linked security is a derivative or is otherwise held for trading. • The definition of loans and receivables in paragraph 9 of IAS 39 excludes those financial assets “for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale”. • The definition of held-to-maturity investments requires that an entity has the positive intention and ability to hold that financial asset to maturity. The application guidance in IAS 39 clarifies that “the criteria for classification as a held-to-maturity investment are met for a financial asset that is callable by the issuer if the holder intends and is able to hold it until it is called or until maturity and the holder would recover substantially all of its carrying amount”. • Unless the GDP-linked securities are classified as at fair value through profit or loss they would be classified as available-for-sale debt instruments. • Entities should consider the operational complexities of applying the effective interest method to the GDP-linked securities, because of their complex cash flow profile.	Sep-12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee considered that no clarification of IAS 39 was required. Even if changes were required, the Interpretations Committee considered that IFRS 9 already used a different classification for financial assets. Consequently, the Interpretations Committee decided not to add the issue to its agenda.	
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement- Scope of paragraph AG5	The Interpretations Committee received a request for guidance on several accounting issues that resulted from the restructuring of Greek government bonds (GGBs) in 2012. At its September 2012 meeting, the Interpretations Committee concluded that the GGBs surrendered in March 2012 should be derecognised, which means the new GGBs received as part of the debt restructuring are recognised as new assets. At the July 2012 and November 2012 meetings, the Interpretations Committee addressed the particular request to consider whether paragraph AG5 of IAS 39 could apply when determining the effective interest rate on initial recognition of those new GGBs. Applying paragraph AG5 of IAS 39 means that the effective interest rate would be determined at initial recognition using estimated cash flows that take into account incurred credit losses. The Interpretations Committee noted that paragraph AG5 of IAS 39 applies to acquired assets, which includes both purchased and originated assets. The Interpretations Committee also noted that even though an origination of a debt instrument with an incurred loss is rather unusual, there are situations in which such transactions occur. For example, within the context of significant financial difficulty of an obligor, transactions can arise that involve originations of debt instruments that are outside the normal underwriting process but are instead forced upon already existing lenders by a restructuring process. This could include situations in which modifications of debt instruments result in derecognition of the original financial asset and the recognition of a new financial asset under IFRSs. In circumstances such as these, new financial assets could be recognised that have incurred losses on initial recognition. The Interpretations Committee noted that whether an incurred loss exists on initial recognition of an asset is a factual matter and that the assessment requires judgement. The Interpretations Committee also noted that the circumstances leading to the recognition of an asset with an incurred loss on initial recognition need not be limited to those in which debt instruments are effectively forced upon existing lenders, but could also arise in other transactions. The Interpretations Committee considered that in the light of its analysis of the existing requirements of IAS 39 an interpretation was not necessary and consequently decided not to add the issue to its agenda.	Nov- 12
IAS 18 / IAS 37 / IAS 39	IAS 18 Revenue, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 39 Financial Instruments: Recognition and	See above (click link on left to access)	Nov- 12

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	Measurement-Regulatory assets and liabilities		
IAS 39	IAS 39 Financial instruments: Recognition and Measurement—accounting for term-structured repo transactions	The Interpretations Committee received a request to clarify: (Issue 1) whether an entity (Entity A) should account for three transactions separately or aggregate and treat them as a single derivative; and (Issue 2) how to apply paragraph B.6 of Guidance on Implementing IAS 39 Financial Instruments: Recognition and Measurement ('IG B.6 of IAS 39') in addressing Issue 1. Some key features of the three transactions are as follows: a) Transaction 1 (bond purchase): Entity A purchases a bond (the bond) from another entity (Entity B). b) Transaction 2 (interest rate swap): Entity A enters into interest rate swap contract(s) with Entity B. Entity A pays a fixed rate of interest equal to the fixed coupon rate of the purchased bond in Transaction 1 and receives a variable rate of interest. c) Transaction 3 (repurchase agreement): Entity A enters into a repurchase agreement with Entity B, in which Entity A sells the same bond in Transaction 1 on the same day it purchases the bond and agrees to buy back the bond at the maturity date of the bond. The Interpretations Committee noted that in order to determine whether Entity A should aggregate and account for the three transactions above as a single derivative, reference should be made to paragraphs B.6 and C.6 of Guidance on Implementing IAS 39 and paragraph AG39 of IAS 32 Financial Instruments: Presentation. The Interpretations Committee also discussed Issue 2, ie, how to apply paragraph IG B.6 of IAS 39 in addressing Issue 1. The Interpretations Committee noted that application of the guidance in paragraph IG B.6 of IAS 39 requires judgement. It also noted that the indicators in paragraph IG B.6 of IAS 39 may help an entity to determine the substance of the transaction, but that the presence or absence of any single specific indicator alone may not be conclusive. The Interpretations Committee noted that providing additional guidance would result in the Interpretations Committee attempting to specify the accounting for a specific transaction, and that this would not be appropriate. On the basis of the analysis above, the Interpretations Committee determined that, in the light of the existing IFRS requirements, neither an Interpretation nor an amendment to a Standard was necessary and consequently decided not to add this issue to its agenda.	Mar-14
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement—	The Interpretations Committee received a request to clarify the classification by the holder of a hybrid financial instrument with a revolving maturity option, an early settlement option and a suspension of interest payments option (all at the option of the issuer). Specifically, the submitter raised the question of whether the host of such a financial instrument should be classified by the holder as equity, or as a debt instrument under IAS 39.	Aug-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	classification of a hybrid financial instrument by the holder	On the basis of the responses to the outreach request, the Interpretations Committee observed that the issue is not widespread. The Interpretations Committee also noted that the financial instrument described in the submission is specific and it would not be appropriate to provide guidance on this particular issue. The Interpretations Committee considered that its agenda criteria are not met. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement—Holder's accounting for exchange of equity instruments	The Interpretations Committee received a request about the accounting by the holder of equity instruments in the circumstance in which the issuer exchanges its original equity instruments for new equity instruments in the same entity but with different terms. Specifically, this transaction involved equity instruments issued by a central bank, and the exchange of instruments was imposed on the holders as a consequence of a change in legislation. The submitter asked whether the holders of the equity instruments should account for this exchange under IAS 39 as a derecognition of the original equity instruments and the recognition of new instruments. The Interpretations Committee observed that: a) because of the unique nature of the transaction, the issue is not widespread; and b) the submitter had not identified significant diversity in accounting for this transaction among the holders of the equity instruments in question. For these reasons, the Interpretations Committee decided not to add this specific issue to its agenda. The Interpretations Committee additionally noted requests for more guidance in IAS 39 and IFRS 9 on the derecognition of financial assets that have been modified or exchanged. The staff observed that this more general matter had been raised previously with the IASB but that it had decided not to add such a project to its agenda. The Interpretations Committee asked the staff to perform further analysis to identify whether an issue of sufficiently narrow scope could be identified to be raised with the IASB. The staff's analysis will be considered at a future Interpretations Committee meeting.	Nov-14
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement and IAS 1 Presentation of Financial Statements—Income and expenses arising on financial instruments with a negative yield—presentation in the	The Interpretations Committee discussed the ramifications of the economic phenomenon of negative effective interest rates for the presentation of income and expenses in the statement of comprehensive income. The Interpretations Committee noted that interest resulting from a negative effective interest rate on a financial asset does not meet the definition of interest revenue in IAS 18 Revenue, because it reflects a gross outflow, instead of a gross inflow, of economic benefits. Consequently, the expense arising on a financial asset because of a negative effective interest rate should not be presented as interest revenue, but in an appropriate expense classification. The Interpretations Committee noted that in accordance with paragraphs 85 and 112(c) of IAS 1 Presentation of Financial Statements, the entity is required to present additional information about such an amount if that is relevant to an understanding of the entity's financial performance or to an understanding of this item.	Jan-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	statement of comprehensive income THIS AGENDA DECISION HAS BEEN WITHDRAWN FROM 1 January 2027	The Interpretations Committee considered that in the light of the existing IFRS requirements an interpretation was not necessary and consequently decided not to add the issue to its agenda.	
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement—accounting for embedded foreign currency derivatives in host contracts	The Interpretations Committee received a request related to the ‘closely related’ criterion in paragraph 11 of IAS 39 Financial Instruments: Recognition and Measurement to determine whether an embedded derivative should be separated from a host contract and accounted for as a derivative in accordance with IAS 39. More specifically, the Interpretations Committee was asked to consider whether an embedded foreign currency derivative in a licence agreement is closely related to the economic characteristics of the host contract, on the basis that the currency in which the licence agreement is denominated is the currency in which commercial transactions in that type of licence agreement are routinely denominated around the world (ie the ‘routinely-denominated’ criterion in paragraph AG33(d)(ii) of IAS 39). The Interpretations Committee noted that the issue related to a contract for a specific type of item and observed that an assessment of the routinely-denominated criterion is based on evidence of whether or not such commercial transactions are denominated in that currency all around the world and not merely in one local area. The Interpretations Committee further observed that the assessment of the routinely-denominated criterion is a question of fact and is based on an assessment of available evidence. On the basis of the analysis above, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	Jan-15
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement—Separation of an embedded floor from a floating rate host contract in a negative interest rate environment	The Interpretations Committee received a request to clarify the application of the embedded derivative requirements of IAS 39 Financial Instruments: Recognition and Measurement in a negative interest rate environment. Specifically, the Interpretations Committee considered: a) whether paragraph AG33(b) of IAS 39 should apply to an embedded interest rate floor in a floating rate host debt contract in a negative interest rate environment; and b) how to determine the ‘market rate of interest’ referred to in that paragraph. The Interpretations Committee observed that: a) paragraph AG33(b) of IAS 39 should be applied to an interest rate floor in a negative interest rate environment in the same way as it would be applied in a positive interest rate environment; b) when applying paragraph AG33(b) of IAS 39, in a positive or negative interest rate environment, an entity should compare the overall interest rate floor (ie the benchmark interest rate referenced in the contract plus contractual spreads	Jan-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		and if applicable any premiums, discounts or other elements that would be relevant to the calculation of the effective interest rate) for the hybrid contract to the market rate of interest for a similar contract without the interest rate floor (ie the host contract); and c) in order to determine the appropriate market rate of interest for the host contract, an entity is required to consider the specific terms of the host contract and the relevant spreads (including credit spreads) appropriate for the transaction. In making these observations, the Interpretations Committee noted the following: a) paragraph AG33(b) of IAS 39 makes no distinction between positive and negative interest rates and, therefore, the requirements of that paragraph should be applied consistently in both cases; b) paragraph AG33(b) of IAS 39 requires an entity to identify whether an embedded interest rate floor is closely related to a host debt contract and makes no reference to individual components of an embedded interest rate floor (such as the benchmark interest rate); and c) the term 'market rate of interest' is linked to the concept of fair value as defined in IFRS 13 Fair Value Measurement and is described in paragraph AG64 of IAS 39 as the rate of interest 'for a similar instrument (similar as to currency, term, type of interest rate and other factors) with a similar credit rating' The Interpretations Committee also observed that paragraphs B4.3.8(b) and B5.1.1 of IFRS 9 Financial Instruments replicate the requirements of paragraphs AG33(b) and AG64 of IAS 39 respectively. Consequently, the observations noted in this agenda decision would be equally applicable to financial liabilities accounted for in accordance with IFRS 9. In the light of the existing IFRS requirements, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IAS 39 / IFRS 9	IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement—Derecognition of modified financial assets	See below (click link on left to access)	May-16
IAS 39/IFRS 9	Application of the Highly Probable Requirement when a Specific Derivative is Designated as a Hedging Instrument	See below (click link on left to access)	Mar-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	(IFRS 9 Financial Instruments and IAS 39 Financial instruments: Recognition and Measurement)		
Click here to return to top of the table			
IAS 41	IAS 41 - Agriculture - Discount rate assumption used in fair value calculations	The IFRIC received a request for guidance on how an entity should determine an appropriate discount rate when the fair value of biological assets is estimated as the present value of expected net cash flows. The request noted that IAS 41 provides only limited guidance in these circumstances. The IFRIC noted that the objective of its fair value measurement in IAS 41 is consistent with that in other standards, and paragraph 21 was amended in May 2008 to clarify that in determining the present value of net cash flows, an entity includes the net cash flows that market participants would expect the asset to generate. When an entity incurs an initial cost with respect to a biological asset, paragraph 24 of IAS 41 notes that costs may approximate fair value when little biological transformation has taken place since the cost was incurred. In these situations the IFRIC noted the discount rate selected would be expected to result in a value that approximates that cost. The IFRIC also noted that IAS 39 and other material recently published by the Board provide extensive guidance on estimating fair values for assets that do not have readily observable prices in active markets that also be relevant for biological assets. The IFRIC noted that any guidance it could provide would be in the nature of implementation guidance rather than an interpretation. The IFRIC also noted that given the guidance already available in IFRSs it did not expect significant diversity in practice and decided not to add this issue to its agenda.	May-09
IAS 41/ IFRS 13	IAS 41 Agriculture and IFRS 13 Fair Value Measurement—Valuation of biological assets using a residual method	See below (click link on left to access)	Mar-13
IAS 41	IAS 41 Agriculture—Biological assets growing on bearer plants	The Committee received a request about the fair value measurement of produce growing on bearer plants. More specifically, the request asked whether the Committee considers fruit growing on oil palms to be an example of a biological asset for which an entity might rebut the fair value presumption applying paragraph 30 of IAS 41. The Committee observed that: paragraph 5C of IAS 41 says that produce growing on bearer plants is a biological asset. Accordingly, an entity accounts for fruit growing on oil palms applying IAS 41.	Jun-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b) the recognition requirements in paragraph 10 of IAS 41 specify when an entity recognises the fruit growing on oil palms separately from the oil palms themselves. The entity accounts for the oil palms applying IAS 16 Property, Plant and Equipment. An entity recognises a biological asset when the entity controls the asset as a result of past events, it is probable that future economic benefits associated with the asset will flow to the entity and the fair value or cost of the asset can be measured reliably. c) applying paragraph 12 of IAS 41, an entity measures a biological asset on initial recognition and at the end of each reporting period at its fair value less costs to sell, except as described in paragraph 30 of IAS 41. d) paragraph 30 of IAS 41 contains a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which quoted market prices are not available and for which alternative fair value measurements are determined to be clearly unreliable. Paragraph 30 of IAS 41 says that once the fair value of such a biological asset becomes reliably measurable, an entity measures it at its fair value less costs to sell. The Committee concluded that the reference to ‘clearly unreliable’ in paragraph 30 of IAS 41 indicates that, to rebut the presumption, an entity must demonstrate that any fair value measurement is clearly unreliable. Paragraph BC4C of IAS 41 suggests that, when developing the amendments to IAS 41 on bearer plants, the Board’s expectation was that fair value measurements of produce growing on bearer plants might be clearly unreliable when an entity encounters significant practical difficulties. However, the Committee observed that the converse is not necessarily true—ie if an entity encounters significant practical difficulties, this does not necessarily mean that any fair value measurement of produce is clearly unreliable. In paragraph BC4C, the Board observed that in this situation, an entity should consider whether the measurement is clearly unreliable. The Committee also observed that the submission appears to ask whether possible differences in supportable assumptions (which might result in significantly different valuations) constitute ‘significant practical difficulties’ as referred to in paragraph BC4C of IAS 41. The Committee concluded that this is not evidence of significant practical difficulties, and that it would not, in and of itself, result in fair value measurements that are clearly unreliable. The Committee noted that paragraph 125 of IAS 1 Presentation of Financial Statements requires an entity to disclose information about assumptions and estimates that have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In addition, paragraph 91 of IFRS 13 Fair Value Measurement requires an entity to disclose information that helps users of its financial statements understand the valuation techniques and inputs used to develop fair value measurements, and the effect of measurements that use Level 3 inputs. The Committee observed that the submission asks the Committee to conclude whether fair value measurements for a particular type of produce growing on bearer plants are clearly unreliable. The Committee determined that its role is not to conclude upon very specific application questions, particularly when they relate to the application of the judgements required in applying IFRS Standards. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IAS 41	Subsequent Expenditure on Biological Assets	The Committee received a request about the accounting for costs related to the biological transformation (subsequent expenditure) of biological assets measured at fair value less costs to sell applying IAS 41. The request asked whether an entity	Sept-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		capitalises subsequent expenditure (ie adds it to the carrying amount of the asset) or, instead, recognises subsequent expenditure as an expense when incurred. IAS 41 does not specify the accounting for subsequent expenditure for biological assets measured at fair value less costs to sell. Paragraph B62 of the Basis for Conclusions on IAS 41 explains that ‘...the [IASB] Board decided not to explicitly prescribe the accounting for subsequent expenditure related to biological assets in the Standard, because it believes to do so is unnecessary with a fair value measurement approach’. Accordingly, the Committee concluded that, applying IAS 41, an entity either capitalises subsequent expenditure or recognises it as an expense when incurred. The Committee observed that capitalising subsequent expenditure or recognising it as an expense has no effect on the fair value measurement of biological assets nor does it have any effect on profit or loss; however, it affects the presentation of amounts in the statement of profit or loss. In assessing how to present such subsequent expenditure in the statement of profit or loss, an entity would apply the requirements in <u>IFRS 18 paragraphs 81–105 of IAS 1 Presentation of Financial Statements</u>. In particular, the Committee observed that ~~the entity would:~~ a) ~~the entity would—applying paragraphs 23–24 of IFRS 18—present additional line items and subtotals if such presentations are necessary for a primary financial statement to provide a useful structured summary or not present separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary applying paragraph 85, ‘present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity’s financial performance’; and~~ b) ~~if the expenses are classified in the operating category of the statement of profit or loss, the entity would—applying paragraph 78 of IFRS 18—classify and present expenses in line items in a way that provides the most useful structured summary of its expenses, using one or both of the nature of expenses or the function of the expenses within the entity applying paragraph 99, present in the statement(s) presenting profit or loss and other comprehensive income or in the notes an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant.~~ Applying paragraph 13 of <u>IAS 8 Basis of Preparation of Financial Statements IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</u>, an entity would apply its accounting policy for subsequent expenditure consistently to each group of biological assets. An entity would also disclose the selected accounting policy applying <u>paragraphs 27A–27I of IAS 8 paragraphs 117–124 of IAS 1</u> if that disclosure would assist users of financial statements in understanding how those transactions are reflected in reported financial performance. In the light of its analysis, the Committee considered whether to add a project to its standard-setting agenda on the accounting for subsequent expenditure on biological assets. The Committee has not obtained evidence to suggest that standard-setting on this matter at this time would result in an improvement to financial reporting that would be sufficient to outweigh the costs. The Committee therefore decided not to add the matter to its standard-setting agenda.	(Updated Jan 26)

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
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IFRS 1	IFRS 1 First-time Adoption of International Financial Reporting Standards — Accounting for costs included in self-constructed assets on transition	The Committee received two requests concerning the application of IFRSs for an entity that capitalises certain costs, including actuarial gains and losses, as part of self-constructed assets, in accordance with its previous GAAP accounting policies. On transition to IFRSs, the entity changes its accounting policy for actuarial gains and losses and determines that they should no longer be capitalised. The requests ask whether the entity should adjust the carrying amount of self-constructed assets on transition to IFRSs and, if not, how the change in its actuarial gains and losses accounting policy should be reflected in the carrying amount of self-constructed assets in subsequent reporting periods. The Committee noted that paragraph 7 of IFRS 1 requires an entity to use 'the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements'. The Committee concluded that the issue is not currently widespread, although it may impact certain entities in jurisdictions transitioning to IFRS, and that there are not significantly divergent interpretations (either emerging or already existing in practice). Therefore, the Committee decided not to add this issue to its agenda.	May-10
IFRS 1	IFRS 1 First-time Adoption of International Financial Reporting Standards —Repeat application of IFRS 1	The Committee received a request identifying an entity that had previously reported in accordance with IFRSs to meet foreign listing requirements, and had applied IFRS 1. However, the entity then delisted and no longer presents its financial statements in accordance with IFRSs, instead reporting only in accordance with its national GAAP. In a subsequent reporting period, the reporting requirements in the entity's local jurisdiction change from national GAAP to IFRSs, and the entity is again required to present its financial statements in accordance with IFRSs. The request asks the Committee to clarify how the entity should transition back to reporting in accordance with IFRSs, and specifically whether it can apply IFRS 1 for a second time. The Committee observed that the scope of IFRS 1 requires an entity to apply the standard in its first IFRS financial statements. Paragraph 3 of IFRS 1 provides examples of when an entity's financial statements are considered to be its first IFRS financial statements. These examples are based upon assessing whether the entity's most recent previous financial statements were presented in accordance with IFRSs. The Committee noted that an entity is required to apply IFRS 1 for a second time in the circumstances described. However, the Committee observed that the scope of IFRS 1 should be made clearer. Consequently, the Committee decided not to add this issue to its agenda. However, the Committee decided to recommend that the Board should clarify the guidance relating to the repeat application of IFRS 1 as part of Annual Improvements.	Sept-10

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 1	IFRS 1 First-time Adoption of International Financial Reporting Standards—Subsidiary as a first-time adopter	The Committee received a request about the accounting applied by a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent. The subsidiary has foreign operations, on which it accumulates translation differences as part of a separate component of equity. The submitter asked whether, applying paragraph D16 of IFRS 1, the subsidiary is permitted to recognise cumulative translation differences at an amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs. Paragraph D16 of IFRS 1 provides a subsidiary that becomes a first-time adopter of IFRSs later than its parent with an exemption relating to the measurement of its assets and liabilities. Translation differences that the subsidiary accumulates as part of a separate component of equity are neither assets nor liabilities. Accordingly, the Committee concluded that paragraph D16 of IFRS 1 does not permit the subsidiary to recognise cumulative translation differences at the amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs. The Committee also concluded that the subsidiary cannot apply the exemption in paragraph D16 of IFRS 1 to cumulative translation differences by analogy—paragraph 18 of IFRS 1 explicitly prohibits an entity from applying the exemptions in IFRS 1 by analogy to other items. Accordingly, when the subsidiary becomes a first-time adopter of IFRS Standards, the subsidiary accounts for cumulative translation differences applying paragraphs D12–D13 of IFRS 1. These paragraphs require the subsidiary to recognise cumulative translation differences either at zero or on a retrospective basis at its date of transition to IFRS Standards. The Committee concluded that the requirements in IFRS Standards provide an adequate basis for a first-time adopter to determine how to account for cumulative translation differences. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	Sep-17
IAS 41	Subsequent Expenditure on Biological Assets	The Committee received a request about the accounting for costs related to the biological transformation (subsequent expenditure) of biological assets measured at fair value less costs to sell applying IAS 41. The request asked whether an entity capitalises subsequent expenditure (ie adds it to the carrying amount of the asset) or, instead, recognises subsequent expenditure as an expense when incurred. IAS 41 does not specify the accounting for subsequent expenditure for biological assets measured at fair value less costs to sell. Paragraph B62 of the Basis for Conclusions on IAS 41 explains that '...the [IASB] Board decided not to explicitly prescribe the accounting for subsequent expenditure related to biological assets in the Standard, because it believes to do so is unnecessary with a fair value measurement approach'. Accordingly, the Committee concluded that, applying IAS 41, an entity either capitalises subsequent expenditure or recognises it as an expense when incurred. The Committee observed that capitalising subsequent expenditure or recognising it as an expense has no effect on the fair value measurement of biological assets nor does it have any effect on profit or loss; however, it affects the presentation of amounts in the statement of profit or loss. In assessing how to present such subsequent expenditure in the	Sep-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		statement of profit or loss, an entity would apply the requirements in paragraphs 81–105 of IAS 1 Presentation of Financial Statements. In particular, the Committee observed that the entity would: a) applying paragraph 85, 'present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance'; and b) applying paragraph 99, present in the statement(s) presenting profit or loss and other comprehensive income or in the notes an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant. Applying paragraph 13 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, an entity would apply its accounting policy for subsequent expenditure consistently to each group of biological assets. An entity would also disclose the selected accounting policy applying paragraphs 117–124 of IAS 1 if that disclosure would assist users of financial statements in understanding how those transactions are reflected in reported financial performance. In the light of its analysis, the Committee considered whether to add a project to its standard-setting agenda on the accounting for subsequent expenditure on biological assets. The Committee has not obtained evidence to suggest that standard-setting on this matter at this time would result in an improvement to financial reporting that would be sufficient to outweigh the costs. The Committee therefore decided not to add the matter to its standard-setting agenda.	
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IFRS 2	IFRS 2 - Employee share loan plans	The IFRIC was asked to consider the accounting treatment of employee share loan plans. Under many such plans, employee share purchases are facilitated by means of a loan from the issuer with recourse only to the shares. The IFRIC was asked whether the loan should be considered part of the potential share-based payment, with the entire arrangement treated as an option, or whether the loan should be accounted for separately as a financial asset. The IFRIC noted that the issue of shares using the proceeds of a loan made by the share issuer, when the loan is recourse only to the shares, would be treated as an option grant in which options were exercised on the date or dates when the loan was repaid. The IFRIC decided it would not expect diversity in practice and would not take this item onto its agenda.	Nov-05
IFRS 2	IFRS 2 - Scope of IFRS 2: Share plans with cash alternatives at the discretion of the entity	The IFRIC considered whether an employee share plan in which the employer had the choice of settlement in cash or in shares, and the amount of the settlement did not vary with changes in the share price of the entity should be treated as a share-based payment transaction within the scope of IFRS 2 Share-based Payment. The IFRIC noted that IFRS 2 defines a share-based payment transaction as a transaction in which the entity receives goods or services as consideration for equity instruments of the entity or amounts that are based on the price of equity instruments of the entity.	May-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		IFRIC further noted that the definition of a share-based payment transaction does not require the exposure of the entity to be linked to movements in the share price of the entity. Moreover, it is clear that IFRS 2 contemplates share-based payment transactions in which the terms of the arrangement provide the entity with a choice of settlement, since they are specifically addressed in paragraphs 41 - 43 of IFRS 2. The IFRIC, therefore, believed that, although the amount of the settlement did not vary with changes in the share price of the entity, such share plans are share-based payment transactions in accordance with IFRS 2 since the consideration may be equity instruments of the entity. The IFRIC also believed that, even in the extreme circumstances in which the entity was given a choice of settlement and the value of the shares that would be delivered was a fixed monetary amount, those share plans were still within the scope of IFRS 2. The IFRIC believed that, since the requirements of IFRS 2 are clear, the issue is not expected to create significant divergence in practice. The IFRIC, therefore, decided not to take this item onto the agenda.	
IFRS 2	IFRS 2 - Share plans with cash alternatives at the discretion of employees: grant date and vesting periods	The IFRIC considered an employee share plan in which employees were provided a choice to have cash at one date or shares at a later date. At the date the transactions were entered into, the parties involved understood the terms and conditions of the plans including the formula that would be used to determine the amount of cash to be paid to each individual employee (or the number of shares to be delivered to each individual employee) but the exact amount of cash or number of shares would only be known at a future date. The IFRIC was asked to confirm the grant date and vesting period for such share plans. The IFRIC noted that IFRS 2 defines grant date as the date when there is a shared understanding of the terms and conditions. Moreover, IFRS 2 does not require grant date to be the date when the exact amount of cash to be paid (or the exact number of shares to be delivered) is known to the parties involved. The IFRIC further noted that share-based payment transactions with cash alternatives at the discretion of the counterparty are addressed in paragraphs 34 - 40 of IFRS 2. Paragraph 35 of IFRS 2 states that, if an entity has granted the counterparty the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, the entity has granted a compound financial instrument, which includes a debt component (i.e. the counterparty's right to demand cash payment) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments). Paragraph 38 of IFRS 2 states that the entity shall account separately for goods or services received or acquired in respect of each component of the compound financial instrument. The IFRIC, therefore, believed that the vesting period of the equity component and that of the debt component should be determined separately and the vesting period of each component may be different.	May-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC believed that, since 'grant date' is defined in IFRS 2 and the requirements set out in paragraphs 34 - 40 of IFRS 2 are clear, the issues are not expected to create significant divergence in practice. The IFRIC, therefore, decided that the issues should not be taken onto the agenda.	
IFRS 2	IFRS 2 - Fair value measurement of post-vesting transfer restrictions	The IFRIC was asked whether the estimated value of shares issued only to employees and subject to post-vesting restrictions could be based on an approach that would look solely or primarily to an actual or synthetic market that consisted only of transactions between an entity and its employees and in which prices, for example, reflected an employee's personal borrowing rate. The IFRIC was asked whether this approach was consistent with the requirements under IFRS 2. The IFRIC noted the requirements in paragraph B3 of Appendix B to IFRS 2, which states that, 'if the shares are subject to restrictions on transfer after vesting date, that factor shall be taken into account, but only to the extent that the post-vesting restrictions affect the price that a knowledgeable, willing market participant would pay for that share. For example, if the shares are actively traded in a deep and liquid market, post-vesting transfer restrictions may have little, if any, effect on the price that a knowledgeable, willing market p Paragraph BC168 of the Basis for Conclusions on IFRS 2 notes that 'the objective is to estimate the fair value of the share option, not the value from the employee's perspective.' Furthermore, paragraph B10 of Appendix B to IFRS 2 states that 'factors that affect the value of the option from the individual employee's perspective only are not relevant to estimating the price that would be set by a knowledgeable, willing market participant.' The IFRIC noted that these paragraphs require consideration of actual or hypothetical transactions, not only with employees, but rather with all actual or potential market participants willing to invest in restricted shares that had been or might be offered to them.	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC believed that the issue was not expected to create significant divergence in practice and that the requirements of IFRS 2 were clear. The IFRIC, therefore, decided not to take the issue onto the agenda.	
IFRS 2	IFRS 2 - Incremental fair value to employees as a result of unexpected capital restructurings	The IFRIC was asked to consider a situation in which the fair value of the equity instruments granted to the employees of an entity increased after the sponsoring entity undertook a capital restructuring that was not anticipated at the date of grant of the equity instruments. The original share-based payment plan contained neither specific nor more general requirements for adjustments to the grant in the event of a capital restructuring. As a result, the equity instruments previously granted to the employees became more valuable as a consequence of the restructuring. The issue was whether the incremental value should be accounted for in the same way as a modification to the terms and conditions of the plan in accordance with IFRS 2 Share-based Payment. The IFRIC believed that the specific case presented was not a normal commercial occurrence and was unlikely to have widespread significance. The IFRIC, therefore, decided not to take the issue onto the agenda.	Nov-06
IFRS 2	IFRS 2 - Employee benefit trusts in the separate financial statements of the sponsor	The IFRIC discussed the application to separate financial statements of an issue that had been submitted in connection with the amendment of SIC-12 Consolidation—Special Purpose Entities to include within its scope special purpose entities established in connection with equity compensation plans. The issue related to an employee benefit trust (or similar entity) that has been set up by a sponsoring entity specifically to facilitate the transfer of its equity instruments to its employees under a share-based payment arrangement. The trust holds shares of the sponsoring entity that are acquired by the trust from the sponsoring entity or from the market. Acquisition of those shares is funded either by the sponsoring entity or by a bank loan, usually guaranteed by the sponsoring entity. In most circumstances, the sponsoring entity controls the employee benefit trust. In some circumstances, the sponsoring entity may also have a direct control of the shares held by the trust. The issue is whether guidance should be developed on the accounting treatment for the sponsor's equity instruments held by the employee benefit trust in the sponsor's separate financial statements. The IFRIC discussed whether the employee benefit trust should be treated as an extension of the sponsoring entity, such as a branch, or as a separate entity. The IFRIC noted that the notion of 'entity' is defined neither in the Framework nor in IAS 27 Consolidated and Separate Financial Statements. The IFRIC then discussed whether the sponsoring entity should, in its separate financial statements, account for the net investment according to IAS 27 or rather for the rights and obligations arising from the assets and liabilities of the trust. The IFRIC noted that, in some circumstances, the sponsoring entity may have direct control of the shares held by the trust. The IFRIC also noted that the guidance included in the Framework and IAS 27 does not address the accounting for the shares held by the trust in the sponsor's separate financial statements. The IFRIC concluded that it could not reach a consensus on this matter on a timely basis, given the different types of trusts and trust arrangements that exist. The IFRIC noted that this issue related to two active	Nov 06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		projects of the IASB: the Conceptual Framework and the revision of IAS 27 Consolidated and Separate Financial Statements in the course of the Consolidation project. For these reasons, the IFRIC decided not to take the issue onto its agenda.	
IFRS 2	IFRS 2 - Transactions in which the manner of settlement is contingent on future events	The IFRIC received a request to clarify the classification and measurement of share-based payment transactions for which the manner of settlement is contingent on either: • a future event that is outside the control of both the entity and the counterparty; or • a future event that is within the control of the counterparty. The IFRIC noted that paragraphs 34-43 of IFRS 2 provide guidance only on share-based payment transactions in which the terms of the arrangement provide the counterparty or the entity with a choice of settlement. The IFRIC noted that IFRS 2 does not provide guidance on share-based payment transactions for which the manner of settlement is contingent on a future event that is outside the control of both the entity and the counterparty. The IFRIC noted that many other issues have been raised concerning the classification and measurement of share-based payments as cash-settled or equity-settled. The IFRIC therefore noted that it would be more appropriate for these issues to be considered collectively as part of a post-implementation review of IFRS 2. Therefore, the IFRIC decided not to add these issues to its agenda and recommended that those issues be dealt with by the IASB in a post-implementation review of IFRS 2.	Jan-10
IFRS 2	IFRS 2 Share-based Payment—share-based payment awards settled net of tax withholding	The Interpretations Committee received a request to consider the classification of a share based payment transaction in which the entity withholds a specified portion of the shares that would otherwise be issued to the counterparty upon exercise (or vesting) of the share-based payment award. The shares are withheld by the entity in return for settling the counterparty's tax withholding obligation associated with the share-based payment. The request received by the Committee asked whether the portion of the share-based payment that is withheld should be classified as cash-settled or equity settled. The Committee identified a number of issues arising from the submission for which the application of the requirements of IFRS 2 caused concern, such as separately classifying components of a single award. The Committee decided not to add the issue to its agenda because addressing these concerns would require an amendment to IFRS 2. Instead, the Committee decided to recommend to the Board that this issue should be included in a future agenda proposal for IFRS 2.	Mar-11
IFRS 2	IFRS 2 Share-based Payment—modification of a share-based payment from cash-settled to equity-settled	The Interpretations Committee received a request to clarify how to measure and account for a share-based payment in situations where a cash-settled award is cancelled and is replaced by a new equity-settled award and the replacement award has a higher fair value than the original award.	May-11

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that amendments that would be necessary to IFRS 2 to provide specific guidance on this matter would be beyond the scope of the Annual Improvements project and would be better suited to being addressed as part of a separate IASB project to improve IFRS 2. Consequently, the Committee decided to propose that the Board should not add this issue to Annual Improvements and instead recommended that this issue should be considered by the IASB as part of a future agenda proposal for IFRS 2.	
IFRS 2/ IFRS 3	IFRS 3 Business Combinations and IFRS 2 Share-based Payment—Accounting for reverse acquisitions that do not constitute a business	See below (click link on left to access)	Mar- 13
IFRS 2	IFRS 2 Share-based Payment—Timing of the recognition of intercompany recharges	The Interpretations Committee received a request for clarification about IFRS 2 Share-based Payment relating to intragroup recharges made in respect of share-based payments. In the submitter's example, the parent company of an international group grants share-based awards to the employees of its subsidiaries. The obligation to settle these awards is the parent's. The awards are based on the employee's service to the subsidiary. The subsidiary and the parent both recognise the share-based transaction in accordance with IFRS 2—typically over the vesting period of the awards. The parent has also entered into recharge agreements with its subsidiaries that require the subsidiaries to pay the parent the value of the share-based awards upon settlement of the awards by the parent. The submitter asked whether the subsidiary's liability to its parent in respect of these charges should be recognised from the date of grant of the award or at the date of exercise of the award. Outreach conducted suggests that there is diversity in practice in the recognition of these liabilities. Some respondents view the recharge and the share-based payments as linked and recognise both from the date of grant over the vesting period. Others think that the recharge is a separate transaction recognised by analogy with liabilities, the distribution of equity or as an executory contract. When discussing accounting for the intercompany recharge transaction, the Interpretations Committee was concerned at the breadth of the topic. It thought that resolving this issue would require it to address the accounting for intragroup payment arrangements generally within the context of common control and that any conclusions drawn could have unintended consequences on the treatment of other types of intercompany transactions. In the absence of guidance about intercompany transactions within existing Standards and the Conceptual Framework, they did not think that they would be able to resolve this issue efficiently. For that reason, the Interpretations Committee decided not to add this issue to its agenda.	May- 13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 2	IFRS 2 Share-based Payment—price difference between the institutional offer price and the retail offer price for shares in an initial public offering	The Interpretations Committee received a request to clarify how an entity should account for a price difference between the institutional offer price and the retail offer price for shares issued in an initial public offering (IPO). The submitter refers to the fact that the final retail price could be different from the institutional price because of: - a.an unintentional difference arising from the book-building process; or - b.an intentional difference arising from a discount given to retail investors by the issuer of the equity instruments as indicated in the prospectus. The submitter described a situation in which the issuer needs to fulfil a minimum number of shareholders to qualify for a listing under the stock exchange's regulations in its jurisdiction. In achieving this minimum number the issuer may offer shares to retail investors at a discount from the price at which shares are sold to institutional investors. The submitter asked the Interpretations Committee to clarify whether the transaction should be analysed within the scope of IFRS 2. The Interpretations Committee considered whether the transaction analysed involves the receipt of identifiable or unidentifiable goods or services from the retail shareholder group and, therefore, whether it is a share-based payment transaction within the scope of IFRS 2. Paragraph 13A of IFRS 2 requires that if consideration received by the entity appears to be less than the fair value of the equity instruments granted or liability incurred, then this situation typically indicates that other consideration (ie unidentified goods or services) has been (or will be) received by the entity. The Interpretations Committee noted that applying this guidance requires judgement and consideration of the specific facts and circumstances of each transaction. In the circumstances underlying the submission, the Interpretations Committee observed that the entity issues shares at different prices to two different groups of investors (retail and institutional) for the purpose of raising funds, and that the difference, if any, between the retail price and the institutional price of the shares in the fact pattern appears to relate to the existence of different markets (one that is accessible to retail investors only and another one accessible to institutional investors only) instead of the receipt of additional goods or services, because the only relationship between the entity and the parties to whom the shares are issued is that of investee-investors. Consequently, the Interpretations Committee observed that the guidance in IFRS 2 is not applicable because there is no share-based payment transaction. The Interpretations Committee also noted that the situation considered is different to the issue on which it had issued an agenda decision in March 2013 ('Accounting for reverse acquisitions that do not constitute a business'). In that fact pattern the Interpretations Committee observed that the accounting acquirer received a stock exchange listing from the listed non-operating entity, which the listed non-operating entity had previously possessed and was able to transfer to the accounting acquirer. In that agenda decision the Interpretations Committee concluded that any difference in the fair value of the shares deemed to have been	Aug-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service received by the accounting acquirer. The Interpretations Committee observed that in the fact pattern considered in this submission the listing is not received from the institutional or retail shareholders. It further observed that the fair value of the shares issued to retail investors is different from the fair value of the shares issued to institutional investors. The fact that a regulatory requirement is met by virtue of issuing the retail shares does not indicate that unidentifiable goods or services were received from the purchasers. On the basis of this analysis, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 2 / IAS 32	IFRS 2 Share-based Payment and IAS 32 Financial Instruments: Presentation – Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition	The Committee received a request about an entity's acquisition of a special purpose acquisition company (SPAC). The request asked how the entity accounts for warrants on acquiring the SPAC. In the fact pattern the Committee discussed: a) the entity acquires a SPAC that has raised cash in an initial public offering (IPO), obtaining control of the SPAC. The purpose of the acquisition is for the entity to obtain the cash and the SPAC's listing on a stock exchange. The SPAC does not meet the definition of a business in IFRS 3 Business Combinations and, at the time of the acquisition, has no assets other than cash. b) before the acquisition, the SPAC's ordinary shares are held by its founder shareholders and public investors. The ordinary shares are determined to be equity instruments as defined in IAS 32 Financial Instruments: Presentation. In addition to ordinary shares, the SPAC had also issued warrants to both its founder shareholders and public investors (the SPAC warrants): i. founder warrants were issued at the SPAC's formation as consideration for services the founders provided. ii. public warrants were issued to public investors with ordinary shares at the time of the IPO. c) the entity issues new ordinary shares and new warrants to the SPAC's founder shareholders and public investors in exchange for the SPAC's ordinary shares and the legal cancellation of the SPAC warrants. The SPAC becomes a wholly-owned subsidiary of the entity and the entity replaces the SPAC as the entity listed on the stock exchange. d) the SPAC's founder shareholders and public investors are not SPAC employees nor will they provide services to the entity after the acquisition. e) the fair value of the instruments the entity issues to acquire the SPAC exceeds the fair value of the SPAC's identifiable net assets. Which IFRS Accounting Standard applies to the SPAC acquisition?	Oct-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph 2(b) of IFRS 3 states that IFRS 3 does not apply to ‘the acquisition of an asset or a group of assets that does not constitute a business’. In such cases, that paragraph requires the acquirer to ‘identify and recognise the individual identifiable assets acquired ... and liabilities assumed’. In the fact pattern discussed, the acquisition of the SPAC is the acquisition of an asset or a group of assets that does not constitute a business. Therefore, the entity identifies and recognises the individual identifiable assets acquired and liabilities assumed as part of the acquisition. What are the individual identifiable assets acquired and liabilities assumed? In the fact pattern discussed, the entity acquires the cash held by the SPAC. The entity also considers whether it assumes the SPAC warrants as part of the acquisition and, consequently, whether it assumes a liability if those warrants are classified as financial liabilities. In assessing whether it assumes the SPAC warrants as part of the acquisition, the entity considers the specific facts and circumstances of the transaction, including the terms and conditions of all agreements associated with the acquisition. For example, the entity considers the legal structure of the transaction and the terms and conditions of the SPAC warrants and the new warrants the entity issues. The entity might conclude that the facts and circumstances are such that it: a) assumes the SPAC warrants as part of the acquisition—in this case, the entity issues ordinary shares to acquire the SPAC and assumes the SPAC warrants as part of the acquisition. The entity then issues new warrants to replace the SPAC warrants it has assumed. b) does not assume the SPAC warrants as part of the acquisition—in this case, the entity issues both ordinary shares and new warrants to acquire the SPAC and does not assume the SPAC warrants. Additional considerations applicable when an entity concludes that it assumes the SPAC warrants as part of the acquisition <i>How does the entity account for SPAC warrants assumed as part of the acquisition?</i> In the fact pattern discussed, the SPAC’s founder shareholders and public investors are not SPAC employees nor will they provide services to the entity after the acquisition. Instead, the SPAC’s founder shareholders and public investors hold the SPAC warrants solely in their capacity as owners of the SPAC. Therefore, the entity applies IAS 32 to determine whether the SPAC warrants are financial liabilities or equity instruments. <i>How does the entity account for the replacement of the SPAC warrants?</i>	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The entity applies IAS 32 and IFRS 9 Financial Instruments to account for the replacement of the SPAC warrants with new warrants. However, because the entity negotiated the replacement of the SPAC warrants as part of the SPAC acquisition, it determines whether it accounts for any of the new warrants it issues as part of that acquisition. No IFRS Accounting Standard specifically applies in making this determination. Therefore, the entity applies paragraphs 10–11 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in developing and applying an accounting policy that results in information that is relevant and reliable. Does the entity also acquire a stock exchange listing service? In the fact pattern discussed, the SPAC's stock exchange listing does not meet the definition of an intangible asset because it is not 'identifiable' as described in paragraph 12 of IAS 38 Intangible Assets. Accordingly, the stock exchange listing is not an identifiable asset acquired. Nonetheless, the Committee observed that: a) paragraph 2 of IFRS 2 states that 'an entity shall apply this IFRS in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received ... In the absence of specifically identifiable goods or services, other circumstances may indicate that goods or services have been (or will be) received, in which case this IFRS applies.' b) paragraph 13A of IFRS 2 states that '... if the identifiable consideration received (if any) by the entity appears to be less than the fair value of the equity instruments granted or liability incurred, typically this situation indicates that other consideration (ie unidentifiable goods or services) has been (or will be) received by the entity. The entity shall measure the identifiable goods or services received in accordance with this IFRS. The entity shall measure the unidentifiable goods or services received (or to be received) as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received).' The fair value of the instruments the entity issues to acquire the SPAC exceeds the fair value of the identifiable net assets acquired. Therefore, the Committee concluded that, in applying paragraphs 2 and 13A of IFRS 2, the entity: a) receives a stock exchange listing service for which it has issued equity instruments as part of a share-based payment transaction; and b) measures the stock exchange listing service received as the difference between the fair value of the instruments issued to acquire the SPAC and the fair value of the identifiable net assets acquired. Which IFRS Accounting Standard applies to the instruments issued? Depending on the specific facts and circumstances of the transaction, the entity issues ordinary shares—or ordinary shares and new warrants—in exchange for acquiring cash, for acquiring the stock exchange listing service and for assuming any liability related to the SPAC warrants. The Committee observed that:	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) IAS 32 applies to all financial instruments, with some exceptions. These exceptions include ‘financial instruments, contracts and obligations under share-based payment transactions to which IFRS 2 Share-based Payment applies ...’ (paragraph 4 of IAS 32). b) IFRS 2 applies to ‘share-based payment transactions in which an entity acquires or receives goods or services. Goods includes inventories, consumables, property, plant and equipment, intangible assets and other non-financial assets ...’ (paragraph 5 of IFRS 2). Therefore, the Committee concluded that the entity applies: a) IFRS 2 in accounting for instruments issued to acquire the stock exchange listing service; and b) IAS 32 in accounting for instruments issued to acquire cash and assume any liability related to the SPAC warrants—these instruments were not issued to acquire goods or services and are not in the scope of IFRS 2. Additional considerations applicable if the entity concludes that it does not assume the SPAC warrants as part of the acquisition <i>Which types of instrument were issued for the SPAC’s net assets and which were issued for the service?</i> If the entity concludes that the facts and circumstances are such that it does not assume the SPAC warrants as part of the acquisition, the entity issues both ordinary shares and new warrants to acquire cash and a stock exchange listing service. In this case, the entity determines to what extent it issued each type of instrument to acquire (i) the cash, and (ii) the stock exchange listing service. No IFRS Accounting Standard specifically applies to this determination. Therefore, the entity applies paragraphs 10–11 of IAS 8 in developing and applying an accounting policy that results in information that is relevant and reliable. The Committee observed that: a) an entity could allocate the shares and new warrants to the acquisition of cash and the stock exchange listing service on the basis of the relative fair values of the instruments issued (that is, in the same proportion as the fair value of each type of instrument to the total fair value of all issued instruments). For example, if 80% of the total fair value of the instruments issued comprises ordinary shares, the entity could conclude that 80% of the fair value of instruments issued to acquire cash also comprises ordinary shares. b) an entity could use other allocation methods if they meet the requirements in paragraphs 10–11 of IAS 8. However, an accounting policy that results in the entity allocating all the new warrants issued to the acquisition of the stock exchange listing service solely to avoid the new warrants being classified as financial liabilities applying IAS 32 would not meet these requirements. Conclusion	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine how to account for warrants on acquiring a SPAC in the fact pattern the Committee discussed. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
Click here to return to top of the table			
IFRS 3	IFRS 3 - Acquisition of a third party interest in a subsidiary	The IFRIC discussed a potential agenda item regarding the accounting for the acquisition by the reporting entity of a third party interest in a subsidiary. The IFRIC recognised that this is an urgent and that there is wide divergence in current practice, but that this is to be addressed in the Board's Phase 2 project on Business Combinations. The IFRIC concluded that it would monitor the progress of the Board's project, and reconsider whether to add the to the agenda later in 2005. No further decisions were made at this meeting regarding issues to be added to the agenda. UPDATE: IAS 27(Revised 2008) requires changes in a parent's ownership interest in a subsidiary that do not result in the loss of control to be accounted for as equity transactions.	Feb-05
IFRS 3	IFRS 3 - Whether a New Entity that pays Cash can be identified as the Acquirer	The IFRIC considered an regarding whether a new entity formed to effect a business combination in which it pays cash as consideration for the business acquired could be identified as the acquirer. IFRS 3.22 states that when a new entity is formed to equity instruments to effect a business combination, one of the combining entities that existed before the combination shall be identified as the acquirer on the basis of the evidence available. The IFRIC decided that, as it is clear that IFRS 3.22 does not prohibit a newly formed entity that pays cash to effect a business combination from being identified as the acquirer, it would not expect diversity in practice and would not take this item onto its agenda. UPDATE: Guidance was added on this issue in IFRS 3(Revised 2008). Paragraph B18 of the Revised Standard states that "A new entity formed to effect a business combination is not necessarily the acquirer. If a new entity is formed to issue equity interests to effect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer by applying the guidance in paragraphs B13–B17 of IFRS 3 (Revised 2008). In contrast, a new entity that transfers cash or other assets or incurs liabilities as consideration may be the acquirer."	Mar-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 3	IFRS 3 - 'Transitory' Common Control	The IFRIC considered an regarding whether a reorganisation involving the formation of a new entity to facilitate the sale of part of an organisation is a business combination within the scope of IFRS 3. IFRS 3 does not apply to business combinations in which all the combining entities or businesses are under common control both before and after the combination, unless that control is transitory. It was suggested to the IFRIC that, because control of the new entity is transitory, a combination involving that newly formed entity would be within the scope of IFRS 3. IFRS 3.22 states that when an entity is formed to equity instruments to effect a business combination, one of the combining entities that existed before the combination must be identified as the acquirer on the basis of the evidence available. The IFRIC noted that, to be consistent, the question of whether the entities or businesses are under common control applies to the combining entities that existed before the combination, excluding the newly formed entity. Accordingly, the IFRIC decided not to add this topic to its agenda. The IFRIC also considered a request for guidance on how to apply IFRS 3 to reorganisations in which control remains within the original group. The IFRIC decided not to add this topic to the agenda, since it was unlikely that it would reach agreement in a reasonable period, in the light of existing diversity in practice and the explicit exclusion of common control transactions from the scope of IFRS 3.	Mar-06
IFRS 3	IFRS 3 - Are puts or forwards received by minority interests in a business combination contingent consideration?	The IFRIC considered a request for an interpretation of whether a put or forward entered into by a parent entity, as part of a business combination, to acquire the shares held by the [non-controlling] minority interest was contingent or deferred consideration. The accounting for these arrangements, including the circumstances considered by the IFRIC, was being considered by the Board as part of the current redeliberations on the proposed revised IFRS 3 Business Combinations. The IFRIC expected that the revised IFRS 3 would assist in clarifying whether this type of arrangement includes a component of contingent consideration. The IFRIC therefore believed that it could not develop guidance more quickly than it was likely to be developed in the Business Combinations project and decided not to take a project on this issue onto its agenda. UPDATE: IFRS 3(Revised 2008) includes guidance on assessing what is part of the consideration transferred in exchange for the acquiree which may be relevant to this issue. IFRS 3R.40 specifies that "The acquirer shall classify an obligation to pay contingent consideration as a liability or as equity on the basis of the definitions of an equity instrument and a financial liability in paragraph 11 of IAS 32 Financial Instruments: Presentation, or other applicable IFRSs. The acquirer shall classify as an asset a right to the return of previously transferred consideration if specified conditions are met." IFRS 3R.58 further states that the acquirer in a business combination shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		"(a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity. (b) Contingent consideration classified as an asset or a liability that: (i) is a financial instrument and is within the scope of IAS 39 shall be measured at fair value, with any resulting gain or loss recognised either in profit or loss or in other comprehensive income in accordance with that IFRS. (ii) is not within the scope of IAS 39 shall be accounted for in accordance with IAS 37 or other IFRSs as appropriate."	
IFRS 3	IFRS 3 - Reassessments on a business combination	The IFRIC was asked to provide guidance on whether, and in what circumstances, a business combination triggers reassessment of the acquiree's classification or designation of assets, liabilities, equity and relationships acquired in a business combination. Reassessment issues include, for instance, whether embedded derivatives should be separated from the host contract, the continuation or de-designation of hedge relationships and the classification of leases as operating or finance leases. At its meeting in February 2007, the Board decided that the issue should be dealt with in Business Combinations phase II. Given that decision, the IFRIC decided not to take this item on to its agenda. UPDATE: Guidance on this issue was added in paragraphs 15 of IFRS 3(Revised 2008) which states: "At the acquisition date, the acquirer shall classify or designate the identifiable assets acquired and liabilities assumed as necessary to apply other IFRSs subsequently. The acquirer shall make those classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date." Paragraph 16 of IFRS 3 (Revised 2008) gives the following as (some) examples of classifications or designations that the acquirer shall make on the basis of the pertinent conditions as they exist at the acquisition date include: (a) classification of particular financial assets and liabilities as a financial asset or liability at fair value through profit or loss, or as a financial asset available for sale or held to maturity, in accordance with IAS 39 Financial Instruments: Recognition and Measurement; (b) designation of a derivative instrument as a hedging instrument in accordance with IAS 39; and (c) assessment of whether an embedded derivative should be separated from the host contract in accordance with IAS 39 (which is a matter of 'classification' as this IFRS uses that term).	May-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Two exceptions to the principle are mentioned in paragraph 17 of the Standard (classification of a lease contract as either an operating lease or a finance lease in accordance with IAS 17 Leases; and classification of a contract as an insurance contract in accordance with IFRS 4 Insurance Contracts).	
IFRS 3	IFRS 3 - Customer-related intangible assets	The IFRIC received a request for guidance on the circumstances in which a non-contractual customer relationship arises in a business combination. IFRS 3 (as revised in 2008) requires an acquirer to recognize the identifiable intangible assets of the acquirer separately from goodwill. For an intangible asset to be identifiable, it must either meet the contractual-legal criterion or the separable criterion on IAS 38-Intangible Assets. In identifying intangible assets to be recorded separately from goodwill, customer relationships based on contracts are easily identified since they meet the contractual-legal criterion. However, applying the separability criterion for non-contractual customer relationships requires further guidance. The IFRIC noted that the IFRIC Glossary defines the term 'contract'. Paragraphs B31-B40 of IFRS 3 provide application guidance on the recognition of intangible assets and the different criteria related to whether they are established on the basis of a contract. The IFRIC also noted that paragraph IE28 in the illustrative examples accompanying IFRS 3 provides indicators for identifying the existence of customer relationship. It states that a customer relationship 'may also arise through means other than contracts, such through regular contact by sales or service representatives.' The IFRIC concluded that how the relationship is established helps to identify whether a customer relationship exists but should not be the primary basis for determining whether the acquirer recognises an intangible asset. The IFRIC further notes that the criteria in paragraph IE28 might be more relevant. Existing contracts and information about a customer's prior purchases would be important inputs in valuing a customer relationship In the light of the explicit guidance in IFRS 3, the IFRIC decided not add this issue to its agenda. Noting widespread confusion in practice on this issue, the IFRIC decided that it could be best resolved by referring it to the IASB and the FASB to review and amend IFRS 3 by: 1) removing the distinction between 'contractual and non-contractual' customer-related intangible assets recognized in a business combination; and 2) reviewing the indicators that identify the existence of a customer relationship in paragraph IE28 of IFRS 3 and including them in the standard.	Mar-09
IFRS 3	IFRS 3 Business Combination— Acquisition-related costs in a business combination	The IFRIC has received requests to clarify the treatment of acquisition-related costs that the acquirer incurred before it applies IFRS 3 (as revised in 2008) that relate to a business combination that is accounted for according to the revised IFRS. In accordance with the revised IFRS 3, because acquisition-related costs are not part of the exchange transaction between the acquirer and the acquiree (or its former owners), they are not considered part of the business combination. Therefore, except for costs to issue debt or equity securities that are recognised in accordance with IAS 32 and IAS 39, the revised IFRS 3 requires an entity to account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received. In contrast, IFRS 3 (as issued in 2004) required the acquisition-related costs to be included in the cost of a business combination.	July-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC noted that more than one interpretation of how the requirements of the two IFRSs interact is possible. Accordingly, the IFRIC concluded that an entity should disclose its accounting policy for such costs and the amount recognised in the financial statements. Because this is a transitional issue that will not arise for accounting periods beginning on after 1 July 2009, the IFRIC decided not to add the issue to its agenda.	
IFRS 3	IFRS 3 Business Combinations—Earlier application of IFRS 3	The IFRIC has received requests to clarify whether IFRS 3 (as revised in 2008) must be applied from the beginning of an annual period if it is adopted early. The IFRIC noted that paragraph 64 of IFRS 3 (as revised in 2008) requires the revised IFRS to be applied for the whole annual period if it is applied early. The IFRIC also noted that the question of whether an entity can decide during a reporting period to apply a revised IFRS early is not unique to the revised IFRS 3. The IFRIC observed that this question should be answered in accordance with the general principles in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, if an entity chooses to apply the revised IFRS 3 early, it must apply it to all business combinations that occurred in the annual period in which the revised IFRS is first applied. The IFRIC concluded that relevant guidance on the early application of the revised IFRS 3 exists in IFRSs and it did not expect divergence in practice. Therefore, the IFRIC decided not to add the issue to its agenda.	July-09
IFRS 3	IFRS 3 Business Combinations—Measurement of NCI	The IFRIC received requests to clarify whether an entity should apply the measurement choice in paragraph 19 of IFRS 3 (as revised in 2008) to all components of non-controlling interest (NCI). Paragraph 19 states that, for each business combination, the acquirer shall measure any NCI in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. In addition to minority interests as defined in IFRS 3 (issued in 2004), the definition of NCI includes, for example, options or warrants over an acquiree's own shares that are classified as equity and the equity component of a convertible instrument. Some believe that if an entity chooses to measure NCI as a proportionate share of the acquiree's identifiable net assets, it should apply this measurement to all components of the acquiree's equity. The consequence would be that instruments other than those equivalent to minority interest would be measured at nil on acquisition. The IFRIC noted that it would be appropriate that the measurement choice should apply only to instruments currently entitled to a proportionate share of the acquiree's net assets. However, because IFRSs do not provide sufficient guidance to resolve this issue	Nov-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		an amendment to revised IFRS 3 is required. Therefore, the IFRIC decided not to add the issue to its agenda but to recommend that the Board amend IFRS 3 to address the issues identified as a part of the annual improvements project.	
IFRS 3	IFRS 3 Business Combinations—Unreplaced and voluntarily replaced share-based payment awards	The IFRIC received requests to clarify the measurement of unreplaced and voluntarily replaced share-based payment awards of an acquiree in a business combination. IFRS 3 (as revised in 2008) contains requirements for outstanding acquiree share-based payment awards that the acquirer is obliged to replace or that expire as a consequence of the business combination. However, IFRSs do not provide requirements for other acquiree share-based payment awards. As a consequence, divergent interpretations have developed in practice as to how those awards should be accounted for. The IFRIC noted that when an acquirer does not replace unexpired share-based payment awards of the acquiree or voluntarily issues share-based payment awards to replace such awards, at least some portion of the amount recognised for those awards should be regarded as part of the consideration transferred in the business combination. However, because IFRSs do not provide sufficient guidance to resolve this issue an amendment to IFRS 3 (as revised in 2008) is required. Therefore, the IFRIC decided not to add the issue to its agenda. However, the IFRIC recommended that the Board amend revised IFRS 3 to address the issues identified as a part of the annual improvements project.	Nov-09
IFRS 3	IFRS 3 Business Combinations—business combinations involving newly formed entities: factors affecting the identification of the acquirer	The Interpretations Committee received a request for guidance on the circumstances or factors that are relevant when identifying an acquirer in a business combination under IFRS 3. More specifically, the submitter described a fact pattern in which a group plans to spin off two of its subsidiaries using a new entity ('Newco'). Newco will acquire these subsidiaries for cash from the parent company (Entity A) only on condition of the occurrence of Newco's initial public offering (IPO). The cash paid by Newco to Entity A to acquire the subsidiaries is raised through the IPO. After the IPO occurs, Entity A loses control of Newco. If the IPO does not take place, Newco will not acquire the subsidiaries. The Committee observed that the accounting for a fact pattern involving the creation of a newly formed entity is too broad to be addressed through an interpretation or through an annual improvement. The Committee determined that the specific fact pattern submitted would be better considered within the context of a broader project on accounting for common control transactions, which the Board is planning to address at a later stage. Consequently, the Interpretations Committee decided not to add the issue to its agenda and recommended the Board to consider the fact pattern described in the submission as part of its project on common control transactions.	Sept-11
IFRS 3	IFRS 3 Business Combinations—business combinations involving newly formed entities: business combinations under common control	The Interpretations Committee received a request for guidance on accounting for common control transactions. More specifically, the submission describes a fact pattern that illustrates a type of common control transaction in which the parent company (Entity A), which is wholly owned by Shareholder A, transfers a business (Business A) to a new entity (referred to as 'Newco') also wholly owned by Shareholder A. The submission requests clarification on (a) the accounting at the time of the transfer of the business to Newco; and (b) whether an initial public offering (IPO) of Newco, which might occur after the transfer of Business A to Newco, is considered to be relevant in analysing the transaction under IFRS 3.	Sept-11

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that the accounting for common control transactions is too broad to be addressed through an interpretation or through an annual improvement. The Committee also noted that the issues raised by the submitter have previously been brought to the Board's attention. The Committee determined that the specific fact pattern submitted would be better considered within the context of a broader project on accounting for common control transactions, which the Board is planning to address at a later stage. Consequently, the Interpretations Committee decided not to add the issue to its agenda and recommended the Board to consider the fact pattern described in the submission as part of its project on common control transactions.	
IFRS 3	IFRS 3 Business Combinations—acquirer in a reverse acquisition	The Interpretations Committee received a request for guidance asking whether a business that is not a legal entity could be considered to be the acquirer in a reverse acquisition under IFRS 3. The Committee noted that in accordance with paragraph 7 of IFRS 3, the acquirer is 'the entity that obtains control of the acquiree' and, in accordance with Appendix A of IFRS 3, the acquiree is 'the business or businesses that the acquirer obtains control of in a business combination'. Paragraph B19 in IFRS 3 states that '...The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition.' The Committee observed that IFRSs and the current Conceptual Framework do not require a 'reporting entity' to be a legal entity. Consequently, the Committee noted that an acquirer that is a reporting entity, but not a legal entity, can be considered to be the acquirer in a reverse acquisition. The Committee noted that this issue is not widespread. Consequently, the Committee decided not to add this issue to its agenda.	Sept-11
IAS 28/ IFRS 3	IAS 28 Investments in Associates—Potential effect of IFRS 3 Business Combinations (as revised in 2008) and IAS 27 Consolidated and Separate Financial Statements (as amended in 2008) on equity method accounting	See above (click link on left to access)	Nov-09
IFRS 3	IFRS 3 Business Combinations—Continuing employment	The Interpretations Committee received a request for guidance on the accounting in accordance with IFRS 3 Business Combinations for contingent payments to selling shareholders in circumstances in which those selling shareholders become, or continue as, employees. The submitter asked the Interpretations Committee to clarify whether paragraph B55(a) of IFRS 3 is conclusive in determining that payments to an employee that are forfeited upon termination of employment are remuneration for post-combination services and not part of the consideration for an acquisition. The question arose because the submitter asserted	Jan-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		that paragraph B55 introduces subparagraphs (a)–(h) as indicators, but paragraph B55(a) uses conclusive language stating that the arrangement described is remuneration for post-combination services. The Interpretations Committee observed that an arrangement in which contingent payments are automatically forfeited if employment terminates would lead to a conclusion that the arrangement is compensation for post-combination services rather than additional consideration for an acquisition, unless the service condition is not substantive. The Interpretations Committee reached this conclusion on the basis of the conclusive language used in paragraph B55(a) of IFRS 3. The Interpretations Committee also noted that IFRS 3 is part of the joint effort by the IASB and the US based Financial Accounting Standards Board (FASB) to promote the convergence of accounting standards. The Interpretations Committee was advised that the Post-implementation Review of FASB Statement No. 141R Business Combinations is in progress, and that the opportunity to co-ordinate any work on this issue with the FASB would arise after the conclusion of the Post-implementation Review of FASB Statement No. 141R. Consequently, the Interpretations Committee decided not to add this issue to its agenda at this time and to revisit this issue after completion of the Post-implementation Review of FASB Statement No.141R.	
IFRS 3 / IFRS 2	IFRS 3 Business Combinations and IFRS 2 Share-based Payment—Accounting for reverse acquisitions that do not constitute a business	The Interpretations Committee received requests for guidance on how to account for transactions in which the former shareholders of a non-listed operating entity become the majority shareholders of the combined entity by exchanging their shares for new shares of a listed non-operating entity. However, the transaction is structured such that the listed non-operating entity acquires the entire share capital of the non-listed operating entity. In the absence of a Standard that specifically applies to this transaction the Interpretations Committee observed that the analysed transaction has some features of a reverse acquisition under IFRS 3 because the former shareholders of the legal subsidiary obtain control of the legal parent. Consequently, it is appropriate to apply by analogy, in accordance with paragraphs 10–12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the guidance in paragraphs B19–B27 of IFRS 3 for reverse acquisitions. Application of the reverse acquisitions guidance by analogy results in the non-listed operating entity being identified as the accounting acquirer, and the listed non-operating entity being identified as the accounting acquiree. The Interpretations Committee noted that in applying the reverse acquisition guidance in paragraph B20 of IFRS 3 by analogy, the accounting acquirer is deemed to have issued shares to obtain control of the acquiree. If the listed non-operating entity qualifies as a business on the basis of the guidance in paragraph B7 of IFRS 3, IFRS 3 would be applicable to the transaction. However, if the listed non-operating entity is not a business, the transaction is not a business combinations and is therefore not within the scope of IFRS 3. Because the analysed transaction is not within the scope of IFRS 3, the Interpretations Committee noted that it is therefore a share-based payment transaction which should be accounted for in accordance with IFRS 2. The Interpretations Committee observed that on the basis of the guidance in paragraph 13A of IFRS 2, any difference in the fair value of the shares deemed to have been issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service received by the accounting acquirer. The Interpretations Committee concluded that,	Mar-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		regardless of the level of monetary or non-monetary assets owned by the non-listed operating entity, the entire difference should be considered to be payment for a service of a stock exchange listing for its shares, and that no amount should be considered a cost of raising capital. The Interpretations Committee observed that the service received in the form of a stock exchange listing does not meet the definition of an intangible asset because it is not —“identifiable” in accordance with paragraph 12 of IAS 38 Intangible Assets (ie it is not separable). The service received also does not meet the definition of an asset that should be recognised in accordance with other Standards and the Conceptual Framework. The Interpretations Committee also observed that on the basis of the guidance in paragraph 8 of IFRS 2 which states that —when the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they shall be recognised as expenses, the cost of the service received is recognised as an expense. On the basis of the analysis above, the Interpretations Committee determined that, in the light of the existing IFRS requirements, neither an interpretation nor an amendment to Standards was necessary and consequently decided not to add this issue to its agenda.	
IAS 28/ IFRS 3	IAS 28 Investments in Associates and Joint Ventures and IFRS 3 Business Combinations— Associates and common control	See above (click link on left to access)	May-13
IFRS 3	IFRS 3 Business Combinations— identification of the acquirer in accordance with IFRS 3 and the parent in accordance with IFRS 10 Consolidated Financial Statements in a stapling arrangement	The Interpretations Committee received a request to clarify the interaction of the requirements in IFRS 3 (as revised in 2008) for identifying an acquirer with the requirements in IFRS 10 for deciding whether control exists. More specifically, the submitter is seeking clarification of whether an acquirer identified for the purpose of IFRS 3 (as revised in 2008) is a parent for the purpose of IFRS 10 in circumstances in which a business combination is achieved by contract alone, such as a stapling arrangement, with no combining entity obtaining control of the other combining entities. IFRS 3 (as revised in 2008) defines a business combination as “a transaction or other event in which an acquirer obtains control of one or more businesses”. In addition, IFRS 3 (as revised in 2008) refers to IFRS 10 for the meaning of the term ‘control’. IFRS 10 states that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Hence, the Interpretations Committee observed that an investment is not needed in order for an entity to control another entity. The definition of a business combination in IFRS 3 (as revised in 2008) includes transactions in which an acquirer obtains control of one or more businesses. It also includes transactions that are sometimes referred to as ‘true mergers’ or ‘mergers of equals’. In	May-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		other words, it includes transactions in which none of the combining entities obtains control of the other combining entities. The Interpretations Committee discussed a stapling arrangement and noted that if the stapling arrangement combines separate entities and businesses by the unification of ownership and voting interests in the combining entities, then such a transaction is a business combination as defined by IFRS 3 (as revised in 2008). Notwithstanding the fact that IFRS 3 (as revised in 2008) includes business combinations in which none of the combining entities obtains control of the other combining entities, the Interpretations Committee noted that paragraph 6 of IFRS 3 (as revised in 2008) requires that one of the combining entities in a business combination must be identified as the acquirer. Paragraphs B14–B18 of IFRS 3 (as revised in 2008) provide additional guidance for identifying the acquirer if the guidance in IFRS 10 does not clearly indicate which combining entity is the acquirer. The Interpretations Committee also noted that paragraph B15(a) of IFRS 3 (as revised in 2008) provides guidance on identifying the acquirer by assessing the relative voting rights in the combined entity after the combination—this guidance explains that the acquirer is usually the combining entity whose owners, as a group, receive the largest portion of the voting rights in the combined entity. This guidance is consistent with the Interpretations Committee’s observation that the definition of a business combination includes transactions in which none of the combining entities or businesses are identified as having control of the other combining entities. The Interpretations Committee thought that this guidance would be relevant to identifying which of the combining entities is the acquirer in the stapling transaction considered. The Interpretations Committee noted that the IASB stated in the IASB Update for September 2004 that the intended interaction between IFRS 3 (issued in 2004) and IAS 27 Consolidated and Separate Financial Statements is that an entity that is identified as the ‘acquirer’ of another entity in accordance with IFRS 3 (issued in 2004) is a ‘parent’ for the purposes of IAS 27. The Interpretations Committee noted that the meaning of the term ‘acquirer’ has not changed since 2004 and that the term ‘control’ is used consistently between IFRS 3 (as revised in 2008) and IFRS 10. It also noted that the notion in IFRS 3 (as revised in 2008) that a business combination could occur even if none of the combining entities obtains control of the other combining entities has not changed from IFRS 3 (issued in 2004). Accordingly, the Interpretations Committee observed that the IASB’s statement on the interaction between IFRS 3 (issued in 2004) and IAS 27 remains valid in respect of the interaction between IFRS 3 (as revised in 2008) and IFRS 10. Consequently, the Interpretations Committee observed that the combining entity in the stapling arrangement that is identified as the acquirer for the purpose of IFRS 3 (as revised in 2008) should prepare consolidated financial statements of the combined entity in accordance with IFRS 10. The Interpretations Committee noted that there is little diversity in practice for the accounting for business combinations achieved by contract alone. It further noted that it does not expect diversity to emerge in the future on the basis of the analysis on the requirements and guidance in IFRS 3 (as revised in 2008) and IFRS 10. Accordingly, the Interpretations Committee decided not to add this issue to its agenda.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 3	IFRS 3 Business Combinations— Acquisition of a group of assets that does not constitute a business	The Interpretations Committee received a request to clarify how an entity accounts for the acquisition of a group of assets that does not constitute a business (the group). More specifically, the submitter asked for clarity on how to allocate the transaction price to the identifiable assets acquired and liabilities assumed when: - the sum of the individual fair values of the identifiable assets and liabilities is different from the transaction price; and - the group includes identifiable assets and liabilities initially measured both at cost and at an amount other than cost. Paragraph 2(b) of IFRS 3 requires an entity to do the following on acquisition of a group of assets: - identify and recognise the individual identifiable assets acquired and liabilities assumed; and - allocate the cost of the group to the individual identifiable assets and liabilities based on their relative fair values at the date of the acquisition. Other IFRS Standards include initial measurement requirements for particular assets and liabilities (for example, IFRS 9 Financial Instruments for financial instruments and IAS 40 Investment Property for investment property). The Interpretations Committee observed that if an entity initially considers that there might be a difference between the transaction price for the group and the sum of the individual fair values of the identifiable assets and liabilities, the entity first reviews the procedures it has used to determine those individual fair values to assess whether such a difference truly exists before allocating the transaction price. The Interpretations Committee then considered two possible ways of accounting for the acquisition of the group. Applying the first approach, an entity accounts for the acquisition of the group as follows: - it identifies the individual identifiable assets acquired and liabilities assumed that it recognises at the date of the acquisition; - it determines the individual transaction price for each identifiable asset and liability by allocating the cost of the group based on the relative fair values of those assets and liabilities at the date of the acquisition; and then - it applies the initial measurement requirements in applicable Standards to each identifiable asset acquired and liability assumed. The entity accounts for any difference between the amount at which the asset or liability is initially measured and its individual transaction price applying the relevant requirements. Applying the second approach, for any identifiable asset or liability initially measured at an amount other than cost, an entity initially measures that asset or liability at the amount specified in the applicable IFRS Standard. The entity deducts from the transaction price of the group the amounts allocated to the assets and liabilities initially measured at an amount other than cost, and then allocates the residual transaction price to the remaining identifiable assets and liabilities based on their relative fair values at the date of the acquisition.	Jun-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee concluded that a reasonable reading of the requirements in paragraph 2(b) of IFRS 3 on the acquisition of a group of assets that does not constitute a business results in one of the two approaches outlined in this agenda decision. The Interpretations Committee observed that an entity applies its reading of the requirements consistently to all such acquisitions. In the light of its analysis, the Interpretations Committee considered whether to add a project on the acquisition of a group of assets to its standard-setting agenda. The Committee has not obtained evidence that the outcomes of applying the two approaches outlined in this agenda decision would be expected to have a material effect on the amounts that entities report. Consequently, the Interpretations Committee [decided] not to add this matter to its standard-setting agenda.	
IFRS 3	IFRS 3 Business Combinations—Acquisition of a Group of Assets (Agenda Paper 4)	The Committee received a request asking how an entity accounts for the acquisition of a group of assets that does not constitute a business (the group). More specifically, the submitter asked how to allocate the transaction price to the identifiable assets acquired and liabilities assumed when: a. the sum of the individual fair values of the identifiable assets and liabilities is different from the transaction price; and b. the group includes identifiable assets and liabilities initially measured both at cost and at an amount other than cost. Paragraph 2(b) of IFRS 3 requires an entity to do the following on acquisition of a group of assets: a. identify and recognise the individual identifiable assets acquired and liabilities assumed; and b. allocate the cost of the group to the individual identifiable assets and liabilities based on their relative fair values at the date of the acquisition. Other IFRS Standards include initial measurement requirements for particular assets and liabilities (for example, IFRS 9 Financial Instruments for financial instruments). The Committee observed that if an entity initially considers that there might be a difference between the transaction price for the group and the sum of the individual fair values of the identifiable assets and liabilities, the entity first reviews the procedures it has used to determine those individual fair values to assess whether such a difference truly exists before allocating the transaction price. The Committee then considered two possible ways of accounting for the acquisition of the group. Applying the first approach, an entity accounts for the acquisition of the group as follows: a. it identifies the individual identifiable assets acquired and liabilities assumed that it recognises at the date of the acquisition;	Nov-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b. it determines the individual transaction price for each identifiable asset and liability by allocating the cost of the group based on the relative fair values of those assets and liabilities at the date of the acquisition; and then c. it applies the initial measurement requirements in applicable Standards to each identifiable asset acquired and liability assumed. The entity accounts for any difference between the amount at which the asset or liability is initially measured and its individual transaction price applying the relevant requirements. Applying the second approach, for any identifiable asset or liability initially measured at an amount other than cost, an entity initially measures that asset or liability at the amount specified in the applicable IFRS Standard. The entity deducts from the transaction price of the group the amounts allocated to the assets and liabilities initially measured at an amount other than cost, and then allocates the residual transaction price to the remaining identifiable assets and liabilities based on their relative fair values at the date of the acquisition. The Committee concluded that a reasonable reading of the requirements in paragraph 2(b) of IFRS 3 on the acquisition of a group of assets that does not constitute a business results in one of the two approaches outlined in this agenda decision. The Committee observed that an entity would apply its reading of the requirements consistently to all acquisitions of a group of assets that does not constitute a business. An entity would also disclose the selected approach applying paragraphs 117–124 of IAS 1 Presentation of Financial Statements if that disclosure would assist users of financial statements in understanding how those transactions are reflected in reported financial performance and financial position. In the light of its analysis, the Committee considered whether to add a project on the acquisition of a group of assets to its standard-setting agenda. The Committee noted that any such project would not be narrow in scope. With this in mind, the Committee observed that it had not obtained sufficient evidence that the outcomes of applying the two approaches outlined in this agenda decision would be expected to have a material effect on the amounts that entities report. Consequently, the Committee concluded that a project would not result in an improvement in financial reporting that would be sufficient to outweigh the costs. The Committee therefore decided not to add this matter to its standard-setting agenda.	
IFRS 3	Payments Contingent on Continued Employment during Handover Periods	The Committee received a request about how an entity accounts for payments to the sellers of a business it has acquired if those payments are contingent on the sellers' continued employment during a post-acquisition handover period. Fact pattern In the fact pattern described in the request: a. an entity acquires a business and, as part of the acquisition agreement, requires the sellers to continue as employees of the acquired business. The sellers' continued employment is to ensure the appropriate transfer of knowledge from the sellers to the new management team (handover of the business). b. the sellers are compensated for their services at a level comparable to other management executives. The entity also agrees to make additional payments to the sellers contingent upon both the performance of the acquired business and,	April-24

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		as described below, the continued employment of the sellers for a limited period after the acquisition to complete the handover of the business. c. the sellers are entitled to receive the additional payments if their employment is terminated due to specified circumstances—such as death or disability—or with the entity's agreement. The sellers forfeit the additional payments if their employment is terminated in any other circumstance. Findings Evidence gathered by the Committee indicated no significant diversity in the accounting for payments contingent upon continued employment in fact patterns such as that described in the request. In these fact patterns, entities apply the accounting described in the Agenda Decision Continuing employment (IFRS 3 Business Combinations), published in January 2013, and account for the payments as compensation for post-combination services rather than as additional consideration for the acquisition, unless the service condition is not substantive. Conclusion Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
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IFRS 4	IFRS 4 - Discretionary participation features in insurance contracts or financial liabilities	The IFRIC received a request for interpretative guidance on: - the definition of a discretionary participation feature (DPF) in IFRS 4 Insurance Contracts - the interaction of the liability adequacy test (paragraphs 15-19 of IFRS 4) with the minimum measurement of the guaranteed element of a financial liability containing a DPF (paragraph 35(b) of IFRS 4) The IFRIC was informed of concerns that key disclosures regarding these features are required only in respect of items regarded as DPF. Consequently, a narrow interpretation of DPF would fail to ensure clear and comprehensive disclosure about contracts that include these features. The IFRIC noted that disclosure is particularly important in this area, given the potential for a wide range of treatments until the IASB completes phase II of the project on insurance contracts. The IFRIC noted that IFRS 4 requires an insurer to disclose information that identifies and explains the amounts in its financial statements arising from insurance contracts (paragraph 36) and information that helps users to understand the amount, timing and uncertainty of future cash flows from insurance contracts (paragraph 38). The IFRIC also noted that the Guidance on Implementing IFRS 4 was designed to help entities to develop disclosures about insurance contracts that contain a DPF.	Nov-05

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC decided not to add this topic to the agenda, because it involves some of the most difficult questions that the IASB will need to resolve in phase II of its project on insurance contracts. The fact that, in developing IFRS 4, the IASB chose to defer such questions to phase II limits the scope for reducing diversity through an Interpretation.	
IFRS 4 and IAS 32	IFRS 4 and IAS 32 - Scope issue for REITs	In some jurisdictions, a Real Estate Investment Trust (REIT) is a tax or regulatory designation used for an entity investing in real estate that meets certain criteria, for example to attain preferential income tax status. In some of these cases, the contractual terms of the ownership units of such REITs require it to distribute 90 per cent of the Total Distributable Income (TDI) to the investors. The remaining 10 per cent of TDI may be distributed at the discretion of management. The IFRIC received a request to provide guidance on whether the discretion to distribute the remaining 10 per cent of TDI met the definition of a Discretionary Participation Feature (DPF) as defined in IFRS 4. If the DPF definition is met, IFRS 4 permits the ownership units to be classified as a liability, rather than assessing the instrument for financial liability and equity components in accordance with IAS 32. The IFRIC noted that the objective of IFRS 4 is to specify the financial reporting for insurance contracts. The IFRIC noted that the definition of DPF in Appendix A of IFRS 4 requires, among other things, that the instrument provides the holder with guaranteed benefits and that the DPF benefits are additional to those guaranteed benefits. Furthermore, the IFRIC noted that there must be guaranteed benefits to the holder for the definition to be met and that such guaranteed benefits are typically those present in insurance activities. The IFRIC noted that providing guidance on this issue would be in the nature of application guidance, rather than interpretative guidance. Consequently, the IFRIC decided not to add the issue to its agenda.	Jan-10
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IFRS 5	IFRS 5 - Plan to sell the controlling interest in a subsidiary	The IFRIC was asked to provide guidance on applying IFRS 5 when an entity is committed to a plan to sell the controlling interest in a subsidiary. The request considered situations in which the entity retained a non-controlling interest in its former subsidiary, taking the form of either an investment in an associate, an investment in a joint venture or a financial asset. The submitter raised four issues relating to the consolidated financial statements of the entity: What triggers classification of the subsidiary's assets and liabilities as held for sale under IFRS 5? When classification as held for sale is required, should all the subsidiary's assets and liabilities be classified as held for sale or only the portion to be sold? Is classification as a discontinued operation relevant when the entity plans to retain significant influence over its former subsidiary after the sale? After the sale, how should the remaining non-controlling equity investment be measured? In considering the first two issues, the IFRIC noted that paragraph 6 of IFRS 5 states: 'An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than	Jul-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		through continuing use' [emphasis added]. The IFRIC decided to recommend to the Board that it amend IFRS 5 to clarify whether the criteria for classification as held for sale are met for all of a subsidiary's assets and liabilities when the parent is committed to a plan that involves loss of control over the subsidiary. The IFRIC believed that IFRS 5 should be amended to clarify that having a plan that meets the conditions in IFRS 5 involving loss of control over a subsidiary should trigger classification as held for sale of all the subsidiary's assets and liabilities. On the third issue, the IFRIC noted that a disposal group classified as held for sale will also be a discontinued operation if the criteria of paragraph 32 of IFRS 5 are met. Because the IFRIC did not expect divergence to emerge in practice, it decided not to address the issue. The IFRIC also noted that IFRS/US GAAP differences are likely to arise until a common definition of discontinued operations is adopted with a consistent approach to continuing involvement (as discussed in BC70 of IFRS 5). The IFRIC noted that the last issue is being considered in the Board's joint project on business combinations and, therefore, decided not to address that issue. UPDATE: <i>In Improvements to IFRSs issued in May 2008, the IASB amended IFRS 5 to clarify that an entity that is committed to a sale plan involving loss of control of a subsidiary shall classify all the assets and liabilities of that subsidiary as held for sale when the criteria set out in paragraphs 6-8 of the Standard are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale.</i> <i>In reaching this decision, the IASB noted that the subsidiary's assets and liabilities meet the definition of a disposal group. The IASB also concluded that when a subsidiary is a disposal group that meets the definition of a discontinued operation in accordance with IFRS 5.32, an entity that is committed to a sale plan involving loss of control of the subsidiary should disclose the information relating to the presentation of discontinued operations required by IFRS 5.33-36.</i>	
IFRS 5	IFRS 5 - Disclosures	The IFRIC received a request to clarify whether the disclosure requirements of other standards, in the absence of specific exclusion, would apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations in accordance with IFRS 5. At the May 2007 IFRIC meeting, the staff presented a paper with two alternative views: view A: IFRS 5 and other standards that specifically relate to non-current assets (or disposal groups) classified as held for sale or discontinued operations set out all the disclosures required in respect of those assets or operations. Disclosures required by other standards do not apply to such assets (or disposal groups); view B: disclosures required by IFRSs, whose scope does not exclude non-current assets (or disposal groups) classified as held for sale or discontinued operations, continue to apply to such assets (or disposal groups). The IFRIC believed that this issue could be resolved efficiently through an amendment to clarify IFRS 5 and decided to draw the issue to the attention of the Board rather than taking the item on to its own agenda. The IFRIC also believed that such an	Sep-07

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		amendment should generally reflect view A, but believed that additional disclosures about such assets (or disposal groups) may be necessary to comply with the general requirements of IAS 1 Presentation of Financial Statements. UPDATE: <i>In Improvements to IFRSs issued in April 2009, the IASB amended IFRS 5 to clarify that IFRS 5 and other IFRSs that specifically refer to non-current assets (or disposal groups) classified as held for sale or discontinued operations set out all the disclosures required in respect of those assets or operations. Additional disclosures about non-current assets (or disposal groups) classified as held for sale may be necessary to comply with the general requirements of IAS 1.</i>	
IFRS 5	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Write-down of a disposal group	The IFRIC received a request for guidance on how a disposal group should be recognised at the lower of its carrying amount and fair value less costs to sell when the difference between the carrying amount and fair value less costs to sell exceeds the carrying amount of non-current assets. The IFRIC noted paragraph 23 of IFRS 5 requires the impairment loss recognised for a disposal group to be allocated to reduce the carrying amount of the non-current assets of the group that are within the measurement requirements of IFRS 5. This can result in a conflict between IFRS 5's requirement to recognise the disposal group at fair value less costs to sell and its limitation on the assets to which that loss can be allocated. Consequently, the IFRIC noted that divergence could arise in practice. The IFRIC also noted that the issue could be widespread in the current economic environment. The IFRIC concluded that the issue relates to the basic requirements of IFRS 5 and therefore could not be addressed by an interpretation. For this reason, the IFRIC decided not to add the issue to its agenda. However, the IFRIC recommended that the Board considers an amendment to IFRS 5 to address this issue.	Nov-09
IFRS 5	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations — Reversal of disposal group impairment losses relating to goodwill	The Committee received a request for guidance on whether an impairment loss for a disposal group classified as held for sale can be reversed if it relates to the reversal of an impairment loss recognised for goodwill. The Committee noted a potential conflict between the guidance in paragraph 22 and paragraph 23 of IFRS 5 relating to the recognition and allocation of the reversal of an impairment loss for a disposal group when it relates to goodwill. However, the Committee also observed that the issue may not be resolved efficiently within the confines of existing IFRSs and the Framework and that it is not probable that the Committee will be able to reach a consensus on a timely basis. The Committee also noted the decision taken by the Board in December 2009 not to add a project to its agenda to address IFRS 5 impairment measurement and reversal issues at this time. Consequently, the Committee decided not to add this issue to its agenda and recommended that the Board address this issue in a post-implementation review of IFRS 5.	May-10

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 5	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations—Classification in conjunction with a planned IPO, but where the prospectus has not been approved by the securities regulator	The Interpretations Committee received a request to clarify the application of the guidance in IFRS 5 regarding the classification of a non-current asset (or disposal group) as held for sale, in the case of a disposal plan that is intended to be achieved by means of an initial public offering (IPO), but where the prospectus (ie the legal document with an initial offer) has not yet been approved by the securities regulator. The submitter asked the Interpretations Committee to clarify whether the disposal group would qualify as held for sale before the prospectus is approved by the securities regulator, assuming that all of the other criteria in IFRS 5 have been fulfilled. The Interpretations Committee noted that paragraph 7 of IFRS 5 requires that the asset (or disposal group) must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The Interpretations Committee also noted that an entity should apply the guidance in paragraphs 8-9 of IFRS 5 to assess whether the sale of a disposal group by means of an IPO is highly probable. Terms that are "usual and customary" is a matter of judgement based on the facts and circumstance of each sale. The Interpretations Committee observed that the following criteria in paragraph 8 of IFRS 5 represent events that must have occurred: a) the appropriate level of management must be committed to a plan to sell the asset (or disposal group); b) an active programme to locate a buyer and complete the plan must have been initiated; and c) the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. The Interpretations Committee noted that the following criteria would be assessed based on expectations of the future, and their probability of occurrence would be included in the assessment of whether a sale is highly probable: a) the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification (except as permitted by paragraph 9); b) actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; and c) the probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable. On the basis of the analysis above, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. The Interpretations Committee consequently decided not to add this issue to its agenda.	Sep-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 5	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations—To what extent can an impairment loss be allocated to non-current assets within a disposal group?	The Interpretations Committee received a request to clarify a measurement requirement of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Specifically, the question was whether the allocation of an impairment loss recognised for a disposal group can reduce the carrying amount of non-current assets that are within the scope of the measurement requirements of IFRS 5 to an amount that is lower than their fair value less costs of disposal or their value in use. In analysing this issue, the Interpretations Committee considered a situation in which the carrying amount of such non-current assets is not less than the amount of the impairment loss, and did not consider the implications for allocating an impairment loss if that loss exceeds the carrying amount of such non-current assets. The Interpretations Committee noted that paragraph 23 of IFRS 5 addresses the recognition of impairment losses for a disposal group. It also noted that in determining the order of allocation of impairment losses to non-current assets that are within the scope of the measurement requirements of that Standard, paragraph 23 refers to paragraphs 104 and 122 of IAS 36 Impairment of Assets, which set out requirements regarding the order of allocation of impairment losses. However, it does not refer to paragraph 105 of IAS 36, which restricts the impairment losses allocated to individual assets by requiring that an asset is not written down to less than the higher of its fair value less costs of disposal, its value in use and zero. Consequently, the Interpretations Committee observed that the restriction in paragraph 105 of IAS 36 does not apply when allocating an impairment loss for a disposal group to the non-current assets that are within the scope of the measurement requirements of IFRS 5. The Interpretations Committee understood this to mean that the amount of impairment that should be recognised for a disposal group would not be restricted by the fair value less costs of disposal or value in use of those non-current assets that are within the scope of the measurement requirements of IFRS 5. In the light of existing IFRS requirements, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	Jan-16
IFRS 5	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations—How to present intragroup transactions between continuing and discontinued operations	The Interpretations Committee received a request to clarify how to present intragroup transactions between continuing and discontinued operations. The submitter points out that paragraph 30 of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations requires an entity to present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups). However, IFRS 5 does not provide specific requirements on how to eliminate intragroup transactions between continuing and discontinued operations. The Interpretations Committee noted that neither IFRS 5 nor IAS 1 Presentation of Financial Statements includes requirements regarding the presentation of discontinued operations that override the consolidation requirements in IFRS 10 Consolidated Financial Statements. The Interpretations Committee also noted that paragraph B86(c) of IFRS 10 requires elimination of, among other things, income and expenses relating to intragroup transactions, and not merely intragroup profit. Consequently, the Interpretations Committee observed that not eliminating intragroup transactions would be inconsistent with the elimination requirements of IFRS 10.	Jan-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee also noted that paragraph 30 of IFRS 5 requires an entity to present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposal activity. In the light of this objective, the Interpretations Committee observed that, depending on the particular facts and circumstances, an entity may have to provide additional disclosures in order to enable users to evaluate the financial effects of discontinued operations. The Interpretations Committee noted that IFRS 5 was described as a possible research project in the Request for Views on the 2015 Agenda Consultation published by the IASB in August 2015. In the light of this, the Interpretations Committee thought that the issue of how an entity should disaggregate consolidated results between continuing and discontinued operations in a way that reflects elimination of intragroup transactions would be better considered as part of such a project. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 5	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations—Other various IFRS 5-related issues	The Interpretations Committee has received and discussed a number of issues relating to the application of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations requirements at several meetings. Those issues relate to various aspects of IFRS 5 and include the following: Scope a) the scope of the held-for-sale classification—paragraph 6 of IFRS 5 requires a non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The issue relates to whether particular types of planned loss of control events, besides loss of control through sale or distribution, can result in a held-for-sale classification, such as loss of control of a subsidiary due to dilution of the shares held by the entity, call options held by a non-controlling shareholder or a modification of a shareholders' agreement. b) accounting for a disposal group consisting mainly of financial instruments—paragraph 5 of IFRS 5 states that the measurement requirements of IFRS 5 do not apply to financial assets within the scope of IFRS 9 Financial Instruments. The issue relates to whether IFRS 5 applies to a disposal group that consists mainly, or entirely, of financial instruments. Measurement c) impairment of a disposal group—paragraph 15 of IFRS 5 requires a disposal group to be measured at the lower of its carrying amount and its fair value less costs to sell, whereas paragraph 23 requires the impairment loss recognised for a disposal group to be allocated to the carrying amount of the non-current assets that are within the scope of the measurement requirements of IFRS 5. The issue relates to a situation in which the difference between the carrying amount and the fair value less costs to sell of a disposal group exceeds the carrying amount of non-current assets in the disposal group. Should the amount of the impairment loss recognised be limited to the carrying amount of: - i). non-current assets that are within the scope of the measurement requirements of IFRS 5;	Jan-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		- ii). the net assets of a disposal group; - iii). the total assets of a disposal group; or - iv). the non-current assets and in this case the entity would recognise a liability for any excess? d) reversal of an impairment loss relating to goodwill in a disposal group—paragraph 22 of IFRS 5 requires the recognition of a gain for a subsequent increase in the fair value less costs to sell of a disposal group. The issue relates to a situation in which goodwill within the disposal group had previously been impaired. Specifically, the question relates to whether an impairment loss previously allocated to goodwill can be reversed. Presentation e) how to apply the definition of ‘major line of business’ in presenting discontinued operations—in accordance with paragraph 32 of IFRS 5, a component of an entity that has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations is a discontinued operation. The issue relates to how to interpret the definition of ‘discontinued operation’, especially with regard to the notion of ‘separate major line of business or geographical area of operations’ as described in paragraph 32 of IFRS 5. f) how to apply the presentation requirements in paragraph 28 of IFRS 5—paragraph 28 requires the effects of a remeasurement (upon ceasing to be classified as held for sale) of a non-current asset to be recognised in profit or loss in the current period. Paragraph 28 also requires financial statements for the periods since classification as held for sale or as held for distribution to owners to be ‘amended accordingly’ if the disposal group or non-current asset that ceases to be classified as held for sale or as held for distribution to owners is a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate. The issue relates to a situation in which a disposal group that consists of both a subsidiary and other non-current assets ceases to be classified as held for sale. In such a situation, should an entity recognise the remeasurement adjustments relating to the subsidiary and the other non-current assets in different accounting periods, and should any amendment apply to presentation as well as to measurement? g) how to present intragroup transactions between continuing and discontinued operations—paragraph 30 of IFRS 5 requires an entity to present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups). The issue relates to how best to eliminate and reflect transactions between continuing and discontinued operations on the face of the statement of profit or loss, when there are significant transactions between them. Should the intragroup transactions: - i). be eliminated without any adjustments; or - ii). be eliminated, with adjustments to illustrate how transactions between continuing or discontinued operations are expected to be affected in the future?	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Because of the number and variety of unresolved issues, the Interpretations Committee concluded that a broad-scope project on IFRS 5 might be warranted. In this respect, the Interpretations Committee noted that IFRS 5 was described as a possible research project in the Request for Views on the 2015 Agenda Consultation published by the IASB in August 2015. Consequently, the Interpretations Committee decided not to add these issues to its agenda.	
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IFRS 6	IFRS 6 - Application of the 'full-cost' method	The IFRIC was asked to clarify the effect of the limited scope of IFRS 6 on exploration and evaluation (E&E) activities. The IFRIC was asked if this limited scope (a) reflected the Board's intention to impose limits on current national GAAP practices only in respect of activities conducted in the E&E phase, while permitting industry practices in other extractive industry areas (egg, development and exploitation) to continue unchanged, or (b) whether the IASB focused only on E&E activities because it was the only area for which the IASB was willing to grant some relief from the hierarchy for selection of accounting policies in IAS 8. Under the latter view, the IAS 8 hierarchy would apply fully to an entity's selection of IFRS accounting policies for activities outside of the E&E phase. The submission identified some inconsistencies between current extractive industry full-cost accounting practices in respect of development and exploitation activities but questioned whether the IASB intended to require change from current practices in these areas in advance of a comprehensive extractive industry project. The IFRIC noted that the effect of the limited scope of IFRS 6 was to grant relief only to policies in respect of E&E activities, and that this relief did not extend to activities before or after the E&E phase. The Basis for Conclusions on IFRS 6 includes the Board's intention of limiting the need for entities to change their existing accounting policies for E&E activities. The IFRIC believed it was clear that the scope of IFRS 6 consistently limited the relief from the hierarchy to policies applied to E&E activities and that there was no basis for interpreting IFRS 6 as granting any additional relief in areas outside its scope. Therefore, the IFRIC believed that diversity in practice should not become established and decided not to add the item to its agenda.	Jan-06
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IFRS 7	IFRS 7 - Presentation of 'net finance costs' on the face of the income statement	At its meeting in October 2004, the IFRIC noted that, taken together, paragraphs 32 and 81 of IAS 1 Presentation of Financial Statements preclude the presentation of 'net finance costs' on the face of the income statement unless finance costs and finance revenue are also shown on the face of that statement. IFRS 7 Financial Instruments: Disclosures was issued in 2005. Paragraph IG13 of IFRS 7 states that 'The total interest income and total interest expense disclosed in accordance with paragraph 20(b) is a component of the finance costs, which paragraph 81(b) of IAS 1 requires to be presented separately on the face of the income statement. The line item for finance costs may also include amounts that arise on non-financial assets or non-financial liabilities.' The IFRIC was asked whether the IFRIC's October 2004 analysis regarding presenting 'net finance costs' on the face of the income statement was still valid in the light of paragraph IG13 of IFRS 7.	Nov-06

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The IFRIC believed that its analysis in October 2004 was still valid. Consequently, the IFRIC decided not to take the issue onto the agenda. The IFRIC believed that the words in paragraph IG13 of IFRS 7 might result in confusion. It therefore decided to recommend to the Board that the paragraph should be amended. UPDATE: In Improvements to IFRSs issued in May 2008, the IASB amended paragraph IG13 and removed 'total interest income' as a component of finance costs. This amendment removed the inconsistency with paragraph 32 of IAS 1, which precludes the offsetting of income and expenses (except when required or permitted by an IFRS).	
IFRS 7 / IAS 1 / IAS 7	Supply Chain Financing Arrangements—Reverse Factoring	See above (click on link on left to access)	Dec-20
Click here to return to top of the table			
IFRS 8	IFRS 8 Operating Segments—reconciliation of segment assets in IFRS 8	The Interpretations Committee received a request to clarify in paragraph 28(c) of IFRS 8 that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed only if a measure of total assets for each reportable segment is regularly provided to the chief operating decision maker. This clarification would make this paragraph consistent with paragraphs 23 and 28(d) of IFRS 8. The Committee agreed with the proposed clarification and decided to recommend that the Board should propose an amendment, through Annual Improvements, to paragraph 28(c) of IFRS 8 to confirm the view that a reconciliation of the total of the reportable segments' assets to the entity's assets shall be disclosed only if a measure of total assets for each reportable segment is regularly provided to the chief operating decision maker.	May-11
IFRS 8	IFRS 8 Operating Segments – Disclosure of Revenues and Expenses for Reportable Segments	The Committee received a request about how an entity applies the requirements in paragraph 23 of IFRS 8 to disclose for each reportable segment specified amounts related to segment profit or loss. The request asked: whether an entity is required to disclose the specified amounts in paragraph 23(a)–(i) of IFRS 8 for each reportable segment if those amounts are not reviewed separately by the chief operating decision maker (CODM);	Jul-24 (Updated Jan-26)

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b. whether an entity is required to disclose the specified amounts in paragraph 23(f) of IFRS 8 for each reportable segment if the entity presents or discloses those specified amounts applying a requirement in IFRS Accounting Standards other than paragraph 97 of IAS 1 <i>Presentation of Financial Statements</i>; <u>now paragraph 42 of IFRS 18</u> and c. how an entity determines 'material items' in paragraph 23(f) of IFRS 8. In particular: i. whether 'material items' are only those items that are material on a qualitative basis; ii. whether 'material items' include amounts that are an aggregation of individual items that are quantitatively immaterial; and iii. whether the materiality assessment is performed at an income statement level (from an overall reporting entity perspective) or at a segment level. The Committee observed that there are two main aspects to the questions: a. the requirements of paragraph 23 of IFRS 8 to disclose, for each reportable segment, specified amounts included in segment profit or loss reviewed by the CODM; and b. the meaning of 'material items of income and expense' in the context of paragraph 97 of IAS 1 <u>now paragraph 42 of IFRS 18</u> as referenced in paragraph 23(f) of IFRS 8. Disclosure of specified amounts Paragraph 23 of IFRS 8 requires an entity to report a measure of profit or loss for each reportable segment and to disclose specified amounts for each reportable segment. Paragraph 23 sets out specified amounts that an entity is required to disclose for each reportable segment if the specified amounts are included in the measure of segment profit or loss reviewed by the CODM, or are otherwise regularly provided to the CODM, even if not included in that measure of segment profit or loss. The Committee observed that paragraph 23 of IFRS 8 requires an entity to disclose the specified amounts for each reportable segment when those amounts are: • included in the measure of segment profit or loss reviewed by the CODM, even if they are not separately provided to or reviewed by the CODM, or • regularly provided to the CODM, even if they are not included in the measure of segment profit or loss. Material items of income and expense Paragraph 23(f) of IFRS 8 sets out one of the required 'specified amounts', namely, 'material items of income and expense disclosed in accordance with paragraph 97 of IAS 1' <u>paragraph 42 of IFRS 18</u>. Paragraph 42 of IFRS 18 states that 'applying the	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		~~principles of paragraph 41, an entity shall disaggregate items whenever the resulting information is material...'. Paragraph 97 of IAS 1 states that 'when items of income or expense are material, an entity shall disclose their nature and amount separately'.~~ <i>Definition of 'material'</i> ~~Appendix A of IFRS 18 Paragraph 7 of IAS 4~~ defines 'material information' and states 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those financial statements, which provide financial information about a specific reporting entity'. ~~Paragraph B2 of IFRS 18 Paragraph 7 of IAS 4~~ also states that 'materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole'. <i>Aggregation and disaggregation of information</i> ~~Paragraphs 41-43 of IFRS 18 Paragraphs 30–31 of IAS 4~~ provide requirements about how an entity aggregates and disaggregates information in the financial statements, which include the notes. <u>Paragraph 41(d)-(e) of IFRS 18 states that an entity shall 'aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes in providing material information' and 'ensure that aggregation and disaggregation in the financial statements do not obscure material information...'. Paragraph 30A of IAS 1 states that 'an entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions'.</u> <i>Applying paragraph 23(f) of IFRS 8—material items of income and expense</i> The Committee observed that when ~~IFRS 18 IAS 4~~ refers to materiality, it is in the context of 'information' being material. An entity applies judgement in considering whether disclosing, or not disclosing, information in the financial statements could reasonably be expected to influence decisions users of financial statements make on the basis of those financial statements. The Committee observed that, in applying paragraph 23(f) of IFRS 8 by disclosing, for each reportable segment, material items of income and expense disclosed in accordance with ~~paragraph 42 of IFRS 18 paragraph 97 of IAS 4~~, an entity: ~~applies the definition of 'material information' in Appendix A and paragraph B2 of IFRS 18 paragraph 7 of IAS 4~~ and assesses whether information about an item of income and expense is material in the context of its financial statements taken as a whole; ~~applies the requirements in paragraphs 41-43 of IFRS 18 paragraphs 30–31 of IAS 4~~ in considering how to aggregate and disaggregate information in its financial statements; - considers the nature or magnitude of information—in other words, qualitative or quantitative factors—or both, in assessing whether information about an item of income and expense is material; and	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		d. considers circumstances including, but not limited to, those in <u>paragraph B79 of IFRS 18</u> ~~paragraph 98 of IAS 1~~. The Committee further observed that paragraph 23(f) of IFRS 8 does not require an entity to disclose by reportable segment each item of income and expense presented in its statement of profit or loss or disclosed in the notes. In determining information to disclose for each reportable segment, an entity applies judgement and considers the core principle of IFRS 8—which requires an entity to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Conclusion The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to apply the disclosure requirements in paragraph 23 of IFRS 8. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
Click here to return to top of the table			
IFRS 9	IFRS 9 Financial Instruments—Transition issues relating to hedging	The Interpretations Committee received a request for guidance in respect of two issues pertaining to hedge designation and hedge accounting in situations in which an entity makes the transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 Financial Instruments. More specifically, the Interpretations Committee has been asked to consider: a) whether an entity can treat a hedging relationship as a continuing hedging relationship on transition from IAS 39 to IFRS 9 if the entity changes the hedged item in a hedging relationship from an entire non financial item (as permitted by IAS 39) to a component of the non-financial item (as permitted by IFRS 9) in order to align the hedge with the entity's risk management objective (Issue 1); and b) whether an entity can continue with its original hedge designation of the entire non-financial item on transition to IFRS 9 when the entity's risk management objective is to hedge only a component of the non-financial item (Issue 2). In relation to Issue 1, the Interpretations Committee noted that when an entity changes the hedged item in a hedging relationship from an entire non-financial item to a component of the non-financial item upon transition to IFRS 9, it is required to do so on a prospective basis as described in paragraph 7.2.22 of IFRS 9. The Interpretations Committee also noted that changing the hedged item while continuing the original hedge relationship would be equivalent to the retrospective application of the hedge accounting requirements in IFRS 9, which is prohibited except in the limited circumstances described in paragraph 7.2.26 of IFRS 9. The Interpretations Committee observed that in the example presented in Issue 1, the exceptions in paragraph 7.2.26 do not apply and therefore the original hedge relationship could not be treated as a continuing hedge relationship on transition to IFRS 9.	Jan-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		In relation to Issue 2, the Interpretations Committee observed that: a) paragraphs BC6.97, BC6.98 and BC6.100 of IFRS 9 support the use of hedge designations that are not exact copies of actual risk management ('proxy hedging') as long as they reflect risk management in that they relate to the same type of risk that is being managed and the same type of instruments that are being used for that purpose; and b) the use of proxy hedging in cases in which it reflects the entity's risk management (that is, where it relates to the same type of risk that is being managed and the same type of instruments that are being used for that purpose) did not appear to be restricted to instances in which IFRS 9 had prohibited an entity from designating hedged items in accordance with its actual risk management. As a result, the Interpretations Committee noted that hedge designations of an entire non-financial item could continue on transition to IFRS 9 as long as they meet the qualifying criteria in IFRS 9. In the light of existing IFRS requirements, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 9	IFRS 9 Financial Instruments—Determining hedge effectiveness for net investment hedges	The Interpretations Committee received a request to clarify how an entity should determine hedge effectiveness when accounting for net investment hedges in accordance with IFRS 9 Financial Instruments. Specifically, the submitter asked whether, when accounting for net investment hedges, an entity should apply the 'lower of' test required for cash flow hedges in determining the effective portion of the gains or losses arising from the hedging instrument. The Interpretations Committee observed that: a) paragraph 6.5.13 of IFRS 9 states that 'hedges of a net investment in a foreign operation ... shall be accounted for similarly to cash flow hedges ...'. Paragraph 6.5.13 (a), which focusses on net investment hedges, also references paragraph 6.5.11, which deals with the accounting for cash flow hedges; this includes the 'lower of' test. This indicates that, when accounting for net investment hedges, an entity should apply the 'lower of' test in determining the effective portion of the gains or losses arising from the hedging instrument. b) in determining the effective portion of the gains or losses arising from the hedging instrument when accounting for net investment hedges, the application of the 'lower of' test avoids the recycling of exchange differences arising from the hedged item that have been recognised in other comprehensive income before the disposal of the foreign operation. The Interpretations Committee noted that such an outcome would be consistent with the requirements of IAS 21 The Effects of Changes in Foreign Exchange Rates. In addition, the Interpretations Committee noted the following:	Mar-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) it did not receive evidence of significant diversity among entities applying IAS 39 <i>Financial Instruments: Recognition and Measurement</i> in determining the effective portion of the gains or losses arising from the hedging instrument by applying the 'lower of' test when accounting for net investment hedges. b) few entities have yet adopted the hedging requirements in IFRS 9; consequently, it is too early to assess whether the issue is widespread. However, the Interpretations Committee expects no significant diversity to arise when IFRS 9 is adopted more widely. In the light of the existing requirements in IFRS Standards, the Interpretations Committee decided that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 9 / IAS 39	IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement—Derecognition of modified financial assets	The Interpretations Committee discussed whether to undertake a potential narrow-scope project to clarify the requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement about when a modification or exchange of financial assets results in derecognition of the original asset. Many Interpretations Committee members observed that, in their experience, the circumstances in which an entity should derecognise financial assets that have been modified or exchanged is an issue that arises in practice. However, because of the broad nature of the issue, the Interpretations Committee noted that it could not resolve it in an efficient manner. Consequently, the Interpretations Committee decided not to further consider such a project.	May-16
IFRS 9	IFRS 9 Financial Instruments—Financial assets eligible for the election to present changes in fair value in other comprehensive income	The Interpretations Committee received a request to clarify whether particular financial instruments are eligible for the presentation election in paragraph 4.1.4 of IFRS 9. That election permits the holder of particular investments in equity instruments to present subsequent changes in fair value in other comprehensive income, rather than in profit or loss. The submitter asked whether financial instruments are eligible for that presentation election if the issuer would classify them as equity applying paragraphs 16A–16D of IAS 32 <i>Financial Instruments: Presentation</i>. The Interpretations Committee observed that the presentation election in paragraph 4.1.4 of IFRS 9 refers to particular investments in equity instruments. 'Equity instrument' is a defined term, and Appendix A of IFRS 9 specifies that it is defined in paragraph 11 of IAS 32. IAS 32 defines an equity instrument as 'any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities'. Consequently, a financial instrument that meets the definition of a financial liability cannot meet the definition of an equity instrument. The Interpretations Committee also observed that paragraph 11 of IAS 32 specifies that, as an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument by the issuer if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of IAS 32. Accordingly, the Interpretations Committee concluded that a financial instrument that has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of IAS 32 is not eligible for the presentation election in paragraph 4.1.4 of	May-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		IFRS 9. This is because such an instrument does not meet the definition of an equity instrument in IAS 32. This conclusion is supported by the Board's explanation in paragraph BC5.21 of IFRS 9 of its decision in this respect. The Interpretations Committee concluded that the requirements in IFRS 9 provide an adequate basis for the holder of the particular instruments described in the submission to classify such instruments. In the light of the existing requirements in IFRS Standards, the Interpretations Committee [determined] that neither an IFRIC Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee [decided] not to add this matter to its standard-setting agenda.	
IFRS 9	IFRS 9 Financial Instruments—Financial assets eligible for the election to present changes in fair value in other comprehensive income	The Committee received a request asking whether particular financial instruments are eligible for the presentation election in paragraph 4.1.4 of IFRS 9. That election permits the holder of particular investments in equity instruments to present subsequent changes in fair value in other comprehensive income, rather than in profit or loss. The submitter asked whether financial instruments are eligible for that presentation election if the issuer would classify them as equity applying paragraphs 16A–16D of IAS 32 Financial Instruments: Presentation. The Committee observed that the presentation election in paragraph 4.1.4 of IFRS 9 refers to particular investments in equity instruments. 'Equity instrument' is a defined term, and Appendix A of IFRS 9 specifies that it is defined in paragraph 11 of IAS 32. IAS 32 defines an equity instrument as 'any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities'. Consequently, a financial instrument that meets the definition of a financial liability cannot meet the definition of an equity instrument. The Committee also observed that paragraph 11 of IAS 32 specifies that, as an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument by the issuer if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of IAS 32. Accordingly, the Committee concluded that a financial instrument that has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of IAS 32 is not eligible for the presentation election in paragraph 4.1.4 of IFRS 9. This is because such an instrument does not meet the definition of an equity instrument in IAS 32. This conclusion, based on the requirements in IFRS 9 and IAS 32, is supported by the Board's explanation in paragraph BC5.21 of IFRS 9 of its decision in this respect. The Committee concluded that the requirements in IFRS 9 provide an adequate basis for the holder of the instruments described in the request to classify those instruments. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	Sep-17
IFRS 9	Classification of a particular type of dual currency bond (IFRS 9 Financial Instruments)	The Committee received a request about how a holder would classify a particular financial asset applying IFRS 9. The submitter described a 'dual currency bond' with a par amount denominated in one currency and fixed interest coupon payments denominated in another currency. The fixed interest payments are paid annually and the par amount is repaid at a stated maturity date. The submitter asked whether such a financial instrument has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding applying paragraphs 4.1.2(b) and 4.1.2A(b) of IFRS 9.	Sept-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		On the basis of the responses to outreach performed on the request and those received in comment letters, the Committee observed that the financial instrument described in the request is not common. Therefore, the Committee has not obtained evidence that the matter has widespread effect. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IFRS 9 / IAS 39	Application of the Highly Probable Requirement when a Specific Derivative is Designated as a Hedging Instrument (IFRS 9 Financial Instruments and IAS 39 Financial instruments: Recognition and Measurement)	Application of the Highly Probable Requirement when a Specific Derivative is Designated as a Hedging Instrument (IFRS 9 Financial Instruments and IAS 39 Financial instruments: Recognition and Measurement)—Agenda Paper 10 The Committee received a request about the requirement in IFRS 9 and IAS 39 that a forecast transaction must be 'highly probable' to qualify as a hedged item in a cash flow hedge relationship. The request asked how an entity applies that requirement when the notional amount of the derivative designated as a hedging instrument (load following swap) varies depending on the outcome of the hedged item (forecast energy sales). The responses to outreach performed on the request and those received in comment letters confirmed that the financial instrument described in the request is not common. The comment letters also confirmed the views expressed by some Committee members that the request relates to the broader matter of how uncertainty over the timing and magnitude of a forecast transaction affects the highly probable assessment applying IFRS 9 and IAS 39. The Committee observed that, in a cash flow hedge, a forecast transaction can be a hedged item if, and only if, it is highly probable (paragraphs 6.3.1 and 6.3.3 of IFRS 9 and paragraphs 86(b) and 88(c) of IAS 39). When assessing whether a forecast transaction (in the request, the forecast energy sales) is highly probable, an entity considers uncertainty over both the timing and magnitude of the forecast transaction (paragraphs F.3.7 and F.3.11 of the Implementation Guidance accompanying IAS 39). The Committee also observed that, for hedge accounting purposes, the entity must document the forecast energy sales with sufficient specificity in terms of timing and magnitude so that when such transactions occur the entity can identify whether the transaction is the hedged transaction. Consequently, the forecast energy sales cannot be specified solely as a percentage of sales during a period because that would lack the required specificity (paragraphs F.3.10 and F.3.11 of the Implementation Guidance accompanying IAS 39). In addition, the Committee observed that the terms of the hedging instrument (in the request, the load following swap) do not affect the highly probable assessment because the highly probable requirement is applicable to the hedged item. The Committee noted that the highly probable requirement in IFRS 9 is not new; IAS 39 includes the same requirement. The Board decided not to carry forward any of the hedge accounting related Implementation Guidance that accompanied IAS 39; nonetheless paragraph BC6.95 of IFRS 9 explains that not carrying forward the Implementation Guidance did not mean that the Board had rejected that guidance.	Mar-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee concluded that the requirements in IFRS 9 and IAS 39 provide an adequate basis for an entity to determine whether a forecast transaction is highly probable. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IFRS 9	Physical Settlement of Contracts to Buy or Sell a Non-financial Item (IFRS 9 Financial Instruments)	The Committee received a request about how an entity applies IFRS 9 to particular contracts to buy or sell a non-financial item in the future at a fixed price. The request describes two fact patterns in which an entity accounts for such contracts as derivatives at fair value through profit or loss (FVPL) but nonetheless physically settles the contracts by either delivering or taking delivery of the underlying non-financial item. IFRS 9 must be applied to contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if those contracts were financial instruments, with one exception. That exception applies to contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements ('own use scope exception' in paragraph 2.4 of IFRS 9). In the fact patterns described in the request, the entity concludes that the contracts are within the scope of IFRS 9 because they do not meet the own use scope exception. Consequently, the entity accounts for the contracts as derivatives measured at FVPL. The entity does not designate the contracts as part of a hedging relationship for accounting purposes. At the settlement date, the entity physically settles the contracts by either delivering or taking delivery of the non-financial item. In accounting for that settlement, the request explains that the entity records the cash paid (in the case of the purchase contract) or received (in the case of the sale contract) and derecognises the derivative. In addition, the entity: a) recognises inventory for the non-financial item at the amount of the cash paid plus the fair value of the derivative on the settlement date (in the case of the purchase contract); or b) recognises revenue for the sale of the non-financial item at the amount of the cash received plus the fair value of the derivative on the settlement date (in the case of the sale contract). The request assumes the entity has an accounting policy of recognising revenue on a gross basis for such contracts. The request asked whether, in accounting for the physical settlement of these contracts, the entity is permitted or required to make an additional journal entry that would: a) reverse the accumulated gain or loss previously recognised in profit or loss on the derivative (even though the fair value of the derivative is unchanged); and b) recognise a corresponding adjustment to either revenue (in the case of the sale contract) or inventory (in the case of the purchase contract).	Mar-19 (Updated Jan-26)

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that, in the fact patterns described in the request, the contracts are settled by the receipt (or delivery) of a non-financial item in exchange for both cash and the settlement of the derivative asset or liability. The Committee also observed that the accounting for contracts that do not meet the own use scope exception in IFRS 9 (and are accounted for as a derivative) is different from the accounting for contracts that meet that exception (and are not accounted for as a derivative). Similarly, the accounting for contracts designated in a hedging relationship for accounting purposes is different from the accounting for contracts that are not designated in such relationships. Those differences in accounting reflect differences in the respective requirements. IFRS 9 neither permits nor requires an entity to reassess or change its accounting for a derivative contract because that contract is ultimately physically settled. The additional journal entry described in the request would effectively negate the requirement in IFRS 9 to account for the contract as a derivative because it would reverse the accumulated fair value gain or loss on the derivative without any basis to do so. The additional journal entry would also result in the recognition of income or expenses on the derivative that do not exist. Consequently, the Committee concluded that IFRS 9 neither permits nor requires an entity to make the additional journal entry described in the request. However, the Committee observed that an entity is required to present gains and losses on the derivative, and disclose information about those amounts, applying applicable IFRS Standards, such as <u>IFRS 18 IAS 4 Presentation of Financial Statements</u> and IFRS 7 Financial Instruments: Disclosures. In determining what line items to present in profit or loss, the requirements in <u>IFRS 18 IAS 4</u> (including those related to aggregation and disaggregation) are applicable. Paragraphs B70-B76 of IFRS 18 set out requirements for classification of gains and losses on derivatives and designated hedging instruments in categories in the statement of profit or loss. ~~IAS 4 does not specify requirements for the presentation of amounts related to the remeasurement of derivatives. However~~ Paragraph 20(a)(i) of IFRS 7 specifies disclosure requirements for net gains or net losses on financial assets or financial liabilities that are mandatorily measured at FVPL applying IFRS 9. For these purposes, in the fact patterns described in the request, there is no gain or loss on the derivative caused by settlement. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to conclude on whether it is permitted or required to make the additional journal entry described in the request. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IFRS 9	Credit Enhancement in the Measurement of Expected Credit Losses (IFRS 9 Financial Instruments)	The Committee received a request about the effect of a credit enhancement on the measurement of expected credit losses when applying the impairment requirements in IFRS 9. The request asked whether the cash flows expected from a financial guarantee contract or any other credit enhancement can be included in the measurement of expected credit losses if the credit enhancement is required to be recognised separately applying IFRS Standards. For the purposes of measuring expected credit losses, paragraph B5.5.55 of IFRS 9 requires the estimate of expected cash shortfalls to 'reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the entity.'	Mar-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Accordingly, the Committee observed that the cash flows expected from a credit enhancement are included in the measurement of expected credit losses if the credit enhancement is both: a) part of the contractual terms; and b) not recognised separately by the entity. The Committee concluded that, if a credit enhancement is required to be recognised separately by IFRS Standards, an entity cannot include the cash flows expected from it in the measurement of expected credit losses. An entity applies the applicable IFRS Standard to determine whether it is required to recognise a credit enhancement separately. Paragraph B5.5.55 of IFRS 9 does not provide an exemption from applying the separate recognition requirements in IFRS 9 or other IFRS Standards. The Committee concluded that the requirements in IFRS Standards provide an adequate basis for an entity to determine whether to include the cash flows expected from a credit enhancement in the measurement of expected credit losses in the fact pattern described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda. <i>Related discussion at the ITG</i> In December 2015, the Transition Resource Group for Impairment of Financial Instruments (ITG) discussed a related but separate matter about the inclusion of cash flows from collateral and other credit enhancements in the measurement of expected credit losses. Specifically, the ITG discussed what is meant by 'part of the contractual terms' in paragraph B5.5.55 of IFRS 9.	
IFRS 9	Curing of a Credit-impaired Financial Asset (IFRS 9 Financial Instruments)	The Committee received a request about how an entity presents amounts recognised in the statement of profit or loss when a credit-impaired financial asset is subsequently cured (ie paid in full or no longer credit-impaired). When a financial asset becomes credit-impaired, paragraph 5.4.1(b) of IFRS 9 requires an entity to calculate interest revenue by applying the 'effective interest rate to the amortised cost of the financial asset'. This results in a difference between (a) the interest that would be calculated by applying the effective interest rate to the gross carrying amount of the credit-impaired financial asset; and (b) the interest revenue recognised for that asset. The request asked whether, following the curing of the financial asset, an entity can present this difference as interest revenue or, instead, is required to present it as a reversal of impairment losses. Appendix A to IFRS 9 defines a credit loss as 'the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (ie all cash shortfalls), discounted at the original effective interest rate...'. Appendix A also defines the gross carrying amount as 'the amortised cost of a financial asset, before adjusting for any loss allowance.' The Committee noted that, based on the definitions in Appendix A to IFRS 9, the gross carrying amount, amortised cost and loss allowance are discounted amounts, and changes in these amounts during a reporting period include the effect of the unwinding of the discount. Paragraph 5.5.8 of IFRS 9 requires an entity to 'recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with this Standard.'	Mar-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that, applying paragraph 5.5.8 of IFRS 9, an entity recognises in profit or loss as a reversal of expected credit losses the adjustment required to bring the loss allowance to the amount that is required to be recognised in accordance with IFRS 9 (zero if the asset is paid in full). The amount of this adjustment includes the effect of the unwinding of the discount on the loss allowance during the period that the financial asset was credit-impaired, which means the reversal of impairment losses may exceed the impairment losses recognised in profit or loss over the life of the asset. The Committee also observed that paragraph 5.4.1 specifies how an entity calculates interest revenue using the effective interest method. Applying paragraph 5.4.1(b), an entity calculates interest revenue on a credit-impaired financial asset by applying the effective interest rate to the amortised cost of the financial asset, and thus interest revenue on such a financial asset does not include the difference described in the request. Accordingly, the Committee concluded that, in the statement of profit or loss, an entity is required to present the difference described in the request as a reversal of impairment losses following the curing of a credit-impaired financial asset. The Committee concluded that the requirements in IFRS Standards provide an adequate basis for an entity to recognise and present the reversal of expected credit losses following the curing of a credit-impaired financial asset in the fact pattern described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda. Agenda Paper 13: Educational material The staff will develop educational material relating to the Committee's conclusion in the agenda decision.	
IAS 1 and IFRS 9	IAS 1 Presentation of Financial Statements and IFRS 9 Financial Instruments—Presentation of interest revenue for particular financial instruments	See above (click on link on left to access)	
IFRS 9	Fair Value Hedge of Foreign Currency Risk on Non-Financial Assets	The Committee received two requests about fair value hedge accounting applying IFRS 9. Both requests asked whether foreign currency risk can be a separately identifiable and reliably measurable risk component of a non-financial asset held for consumption that an entity can designate as the hedged item in a fair value hedge accounting relationship. Hedge accounting requirements in IFRS 9 The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or, in some cases, other comprehensive income) (paragraph 6.1.1 of IFRS 9).	Sep-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		If all the qualifying criteria specified in IFRS 9 are met, an entity may choose to designate a hedging relationship between a hedging instrument and a hedged item. One type of hedge accounting relationship is a fair value hedge, in which an entity hedges the exposure to changes in fair value of a hedged item that is attributable to a particular risk and could affect profit or loss. An entity may designate an item in its entirety, or a component of an item, as a hedged item. A risk component may be designated as the hedged item if, based on an assessment within the context of the particular market structure, that risk component is separately identifiable and reliably measurable. In considering the request, the Committee assessed the following: Can an entity have exposure to foreign currency risk on a non-financial asset held for consumption that could affect profit or loss? Paragraph 6.5.2(a) of IFRS 9 describes a fair value hedge as ‘a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss’. Therefore, in the context of a fair value hedge, foreign currency risk arises when changes in exchange rates result in changes in the fair value of the underlying item that could affect profit or loss. Depending on the particular facts and circumstances, a non-financial asset might be priced—and its fair value determined—only in one currency at a global level and that currency is not the entity’s functional currency. If the fair value of a non-financial asset is determined in a foreign currency, applying IAS 21 The Effects of Changes in Foreign Exchange Rates, the measure of fair value that could affect profit or loss is the fair value translated into an entity’s functional currency (translated fair value). The translated fair value of such a non-financial asset would change as a result of changes in the applicable exchange rate in a given period, even if the fair value (determined in the foreign currency) were to remain constant. The Committee therefore observed that in such circumstances an entity is exposed to foreign currency risk. IFRS 9 does not require changes in fair value to be expected to affect profit or loss but, rather, that those changes could affect profit or loss. The Committee observed that changes in fair value of a non-financial asset held for consumption could affect profit or loss if, for example, the entity were to sell the asset before the end of the asset’s economic life. Consequently, the Committee concluded that, depending on the particular facts and circumstances, it is possible for an entity to have exposure to foreign currency risk on a non-financial asset held for consumption that could affect profit or loss. This would be the case when, at a global level, the fair value of a non-financial asset is determined only in one currency and that currency is not the entity’s functional currency. If an entity has exposure to foreign currency risk on a non-financial asset, is it a separately identifiable and reliably measurable risk component?	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph 6.3.7 of IFRS 9 permits an entity to designate a risk component of an item as the hedged item if, 'based on an assessment within the context of the particular market structure, the risk component is separately identifiable and reliably measurable'. Paragraph 82 of IAS 39 Financial Instruments: Recognition and Measurement permits the designation of non-financial items as hedged items only for a) foreign currency risks, or b) in their entirety for all risks, 'because of the difficulty of isolating and measuring the appropriate portion of the cash flows or fair value changes attributable to specific risks other than foreign currency risks'. Paragraph BC6.176 of IFRS 9 indicates that, in developing the hedge accounting requirements in IFRS 9, the Board did not change its view that there are situations in which foreign currency risk can be separately identified and reliably measured. That paragraph states that the Board 'learned from its outreach activities that there are circumstances in which entities are able to identify and measure many risk components (not only foreign currency risk) of non-financial items with sufficient reliability'. Consequently, the Committee concluded that foreign currency risk can be a separately identifiable and reliably measurable risk component of a non-financial asset. Whether that is the case will depend on an assessment of the particular facts and circumstances within the context of the particular market structure. The Committee observed that foreign currency risk is separately identifiable and reliably measurable when the risk being hedged relates to changes in fair value arising from translation into an entity's functional currency of fair value that, based on an assessment within the context of the particular market structure, is determined globally only in one currency and that currency is not the entity's functional currency. The Committee noted, however, that the fact that market transactions are commonly settled in a particular currency does not necessarily mean that this is the currency in which the non-financial asset is priced—and thus the currency in which its fair value is determined. Can the designation of foreign currency risk on a non-financial asset held for consumption be consistent with an entity's risk management activities? Paragraph 6.4.1(b) of IFRS 9 requires that, at the inception of a hedging relationship, 'there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge'. Accordingly, the Committee observed that, applying IFRS 9, an entity can apply hedge accounting only if it is consistent with the entity's risk management objective and strategy for managing its exposure. An entity therefore cannot apply hedge accounting solely on the grounds that it identifies items in its statement of financial position that are measured differently but are subject to the same type of risk. To the extent that an entity intends to consume a non-financial asset (rather than to sell it), the Committee observed that changes in the fair value of the non-financial asset may be of limited significance to the entity. In such cases, an entity is unlikely to be managing and using hedging instruments to hedge risk exposures on the non-financial asset and, in that case, it cannot apply hedge accounting.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee expects that an entity would manage and hedge exposure to foreign currency risk on the fair value of non-financial assets held for consumption only in very limited circumstances—in such circumstances, an entity would use hedging instruments to hedge only foreign currency risk exposure that it expects will affect profit or loss. This may be the case, for example, if (a) the entity expects to sell the non-financial asset (eg an item of property, plant and equipment) part-way through its economic life; (b) the expected residual value of the asset at the date of expected sale is significant; and (c) the entity manages and uses hedging instruments to hedge the foreign currency risk exposure only on the residual value of the asset. Furthermore, the Committee observed that risk management activities that aim only to reduce foreign exchange volatility arising from translating a financial liability denominated in a foreign currency applying IAS 21 are inconsistent with the designation of foreign exchange risk on a non-financial asset as the hedged item in a fair value hedge accounting relationship. In such circumstances, the entity is managing the foreign currency risk exposure arising on the financial liability, rather than managing the risk exposure arising on the non-financial asset. Other considerations An entity applies all other applicable requirements in IFRS 9 in determining whether it can apply fair value hedge accounting in its particular circumstances, including requirements related to the designation of the hedged item and hedging instrument, and hedge effectiveness. For example, an entity would consider how its hedge accounting designation addresses any differences in the size, depreciation/amortisation pattern and expected sale/maturity of the hedged item and the hedging instrument. For any risk exposure for which an entity elects to apply hedge accounting, the entity also makes the disclosures required by IFRS 7 Financial Instruments: Disclosures related to hedge accounting. The Committee noted, in particular, that paragraphs 22A–22C of IFRS 7 require the disclosure of information about an entity's risk management strategy and how it is applied to manage risk. The Committee concluded that the principles and requirements in IFRS 9 provide an adequate basis for an entity to determine whether foreign currency risk can be a separately identifiable and reliably measurable risk component of a non-financial asset held for consumption that an entity can designate as the hedged item in a fair value hedge accounting relationship. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IFRS 9	Hedging Variability in Cash Flows due to Real Interest Rates	The Committee received a request about applying the hedge accounting requirements in IFRS 9 when the risk management objective is to 'fix' the cash flows in real terms. The request asked whether a hedge of the variability in cash flows arising from changes in the real interest rate, rather than the nominal interest rate, could be accounted for as a cash flow hedge. More specifically, the request describes a fact pattern in which an entity with a floating rate instrument referenced to an interest rate benchmark, such as LIBOR, enters into an inflation swap (which swaps the variable interest cash flows of the floating rate instrument for variable cash flows based on an inflation index). The request asked whether the entity can designate the swap in a cash flow hedging relationship to hedge changes in the variable interest payments for changes in the real interest rate.	May-21

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Hedge accounting requirements in IFRS 9 Paragraph 6.1.1 of IFRS 9 states that the objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income). Paragraph 6.4.1 of IFRS 9 sets out the qualifying criteria for hedge accounting. One type of hedging relationship described in paragraph 6.5.2 of IFRS 9 is a cash flow hedge in which an entity hedges the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability and could affect profit or loss. Paragraph 6.3.7 of IFRS 9 specifies that an entity may designate an item in its entirety, or a component of an item, as a hedged item. A risk component may be designated as the hedged item if, based on an assessment within the context of the particular market structure, the risk component is separately identifiable and reliably measurable. With respect to inflation risk, paragraph B6.3.13 of IFRS 9 states 'there is a rebuttable presumption that unless inflation risk is contractually specified, it is not separately identifiable and reliably measurable and hence cannot be designated as a risk component of a financial instrument'. Paragraph B6.3.14 of IFRS 9 states that an entity cannot simply impute the terms and conditions of an inflation hedging instrument by projecting its term and conditions onto a nominal interest rate debt instrument. This is because, when developing IFRS 9, the Board specifically considered inflation risk and put in place restrictions to address its concern that entities might impute the terms and conditions of a hedging instrument onto the hedged item 'without proper application of the criteria for designating risk components' as a hedged item (paragraph BC6.193 of IFRS 9). To appropriately account for hedge (in)effectiveness, paragraph B6.5.5 of IFRS 9 requires an entity to measure the (present) value of the hedged item independently of the measurement of the value of the hedging instrument. Given that the request asked whether the real interest rate component could be designated as a risk component in a cash flow hedge, the Committee's analysis focused on whether a non-contractually specified real interest rate risk component is separately identifiable and reliably measurable in the context of the proposed cash flow hedging relationship described in the request. Can a non-contractually specified real interest rate risk component be designated as the hedged item in the proposed cash flow hedging relationship? When considering the qualifying criteria in paragraph 6.4.1 of IFRS 9, the Committee observed that for cash flow hedge accounting to be applied in the fact pattern described in the request, it would be necessary to determine: • whether that risk component is separately identifiable and reliably measurable as required by paragraph 6.3.7 of IFRS 9; and	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		as a result, that the entity has exposure to variability in cash flows that is attributable to the real interest rate risk component of the floating rate instrument as required by paragraph 6.5.2(b) of IFRS 9. The Committee noted that, to designate a risk component in a hedging relationship, the risk component must be separately identifiable and reliably measurable within the context of each individual hedging relationship. The Committee also noted that it is the market structure—in which a floating rate instrument is issued and in which hedging activity will take place—that needs to support the eligibility of a real interest rate risk component as a non-contractually specified risk component as required by paragraph 6.3.7 of IFRS 9. For the market structure to support the eligibility of that risk component in the proposed cash flow hedging relationship, the real interest rate must represent an identifiable pricing element in setting the floating benchmark interest rate, thereby creating separately identifiable and reliably measurable cash flow variability in the floating rate instrument. Although the rebuttable presumption in paragraph B6.3.13 of IFRS 9 applies to both fair value hedges and cash flow hedges, the example in paragraph B6.3.14 of IFRS 9 illustrates a rebuttal of the presumption in a fair value hedge. The Committee therefore concluded that, because nominal rates generally do not change as a direct result of changes in real interest rates, the existence in the relevant debt market of a term structure of zero coupon real interest rates does not, in itself, overcome the rebuttable presumption in paragraph B6.3.13 of IFRS 9 in the proposed cash flow hedging relationship. The Committee noted that cash flows as defined by paragraph 6 of IAS 7 Statement of Cash Flows are, by nature, denominated in nominal terms. The Committee also noted that the interest rate for floating rate financial instruments is defined in nominal terms for a given currency. Therefore, to meet the requirements in IFRS 9 for a cash flow hedge designation, the variability in the cash flows of the floating rate instrument attributable to the designated risk component needs to be assessed in nominal terms. A nominal interest rate (such as LIBOR) may be influenced by expected inflation and the real interest rate in the long term. However, nominal interest rates do not change as a direct result of changes in inflation or the real interest rate (that is, they are not identifiable pricing elements in setting nominal rates). The Committee therefore concluded that there is no exposure to variability in cash flows that is attributable to changes in the real interest rate in the proposed cash flow hedging relationship and, thus, the requirements in paragraph 6.3.7 and paragraph 6.5.2(b) of IFRS 9 are not met. Consequently, the real interest rate risk component in the proposed cash flow hedging relationship does not meet the requirements in IFRS 9 to be designated as an eligible hedged item as required by paragraph 6.4.1 of IFRS 9. The Committee concluded that the requirements in IFRS 9 provide an adequate basis for an entity to determine whether a hedge of the variability in cash flows arising from changes in the real interest rate, rather than the nominal interest rate, could be accounted for as a cash flow hedge. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 9 / IAS 20	IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of	The Committee received a request about how to account for the third programme of the targeted longer-term refinancing operations (TLTROs) of the European Central Bank (ECB). The TLTROs link the amount a participating bank can borrow and the interest rate the bank pays on each tranche of the operation to the volume and amount of loans it makes to non-financial corporations and households.	Mar-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	Government Assistance - TLTRO III Transactions	The request asks: a) whether TLTRO III tranches represent loans with a below-market interest rate and, if so, whether the borrowing bank is required to apply IFRS 9 or IAS 20 to account for the benefit of the below-market interest rate; b) If the bank applies IAS 20 to account for the benefit of the below-market interest rate: i. how it assesses in which period(s) it recognises that benefit; and ii. whether, for the purpose of presentation, the bank adds the benefit to the carrying amount of the TLTRO III liability; c) how the bank calculates the applicable effective interest rate; d) whether the bank applies paragraph B5.4.6 of IFRS 9 to account for changes in estimated cash flows resulting from the revised assessment of whether the conditions attached to the liability have been met; and e) how the bank accounts for changes in cash flows related to the prior period that result from the bank's lending behaviour or from changes the ECB makes to the TLTRO III conditions. Applying the requirements in IFRS Accounting Standards The Committee observed that IFRS 9 is the starting point for the borrowing bank to decide how to account for TLTRO III transactions because each financial liability arising from the bank's participation in a TLTRO III tranche is within the scope of IFRS 9. The bank: a) assesses whether it would separate any embedded derivatives from the host contract as required by paragraph 4.3.3 of IFRS 9; b) initially recognises and measures the financial liability, which includes determining the fair value of the financial liability, accounting for any difference between the fair value and the transaction price and calculating the effective interest rate; and c) subsequently measures the financial liability, which includes accounting for changes in the estimates of expected cash flows. The Committee noted that the request did not ask about the existence of an embedded derivative and, therefore, this agenda decision does not discuss the requirements in IFRS 9 regarding the separation of embedded derivatives. Initial recognition and measurement of the financial liability Applying paragraph 5.1.1 of IFRS 9, at initial recognition a bank measures each TLTRO III tranche at fair value plus or minus transaction costs, if the financial liability is not measured at fair value through profit or loss. A bank therefore measures the fair value of the liability using the assumptions that market participants would use when pricing the financial liability as required by IFRS 13 Fair Value Measurement. The fair value of a financial liability at initial recognition is normally the transaction price—that is, the fair value of the consideration received (paragraphs B5.1.1 and B5.1.2A of IFRS 9). If the fair value at initial recognition	

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		differs from the transaction price, paragraph B5.1.1 requires a bank to determine whether a part of the consideration received is for something other than the financial liability. The Committee observed that determining whether an interest rate is a below-market rate requires judgement based on the specific facts and circumstances of the relevant financial liability. A difference between the fair value of a financial liability at initial recognition and the transaction price might indicate that the interest rate on the financial liability is a below-market rate. If a bank determines that the fair value of a TLTRO III tranche at initial recognition differs from the transaction price and that the consideration received is for only the financial liability, the bank applies paragraph B5.1.2A of IFRS 9 to account for that difference. If a bank determines that the fair value of a TLTRO III tranche at initial recognition differs from the transaction price and that the consideration received is for more than just the financial liability, the bank assesses whether that difference represents the benefit of a government loan at a below-market rate of interest (treated as a government grant in IAS 20). An entity assesses this difference only at initial recognition of the TLTRO III tranche. The Committee noted that if the difference is treated as a government grant, paragraph 10A of IAS 20 applies only to that difference. The bank applies IFRS 9 to account for the financial liability, both on initial recognition and subsequently. Should a portion of a TLTRO III tranche be treated as a government grant in IAS 20? IAS 20 defines: a) government as referring to 'government, government agencies and similar bodies whether local, national or international'; b) government grants as 'assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity...'; and c) forgivable loans as 'loans which the lender undertakes to waive repayment of under certain prescribed conditions'. Paragraph 10A of IAS 20 requires an entity to treat as a government grant the benefit of a government loan at a below-market rate of interest. The benefit of the below-market rate of interest is measured as the difference between the initial carrying amount of the loan determined by applying IFRS 9 and the proceeds received. Paragraphs 12 and 20 of IAS 20 specify requirements for an entity to recognise government grants in profit or loss. The Committee observed that a TLTRO III tranche would contain a portion that is treated as a government grant in IAS 20 if the bank assesses that the ECB meets the definition of government in paragraph 3 of IAS 20 and: a) the interest rate charged on the TLTRO III tranche is a below-market interest rate as referred to in paragraph 10A of IAS 20; or b) the loan is a forgivable loan (as defined in paragraph 3 of IAS 20) to which paragraph 10 of IAS 20 applies.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that making these assessments require judgement based on the specific facts and circumstances. The Committee therefore noted that it is not in a position to conclude on whether the TLTRO III tranches contain a benefit of a government loan at a below-market rate of interest or a forgivable loan in the scope of IAS 20. The Committee acknowledged that judgement may also be required to identify the related costs for which the portion of the TLTRO III tranche that is treated as a government grant is intended to compensate. The Committee nonetheless concluded that IAS 20 provides an adequate basis for the bank to assess whether the TLTRO III tranches contain a portion that is treated as a government grant in IAS 20 and, if so, how to account for that portion. Calculating the effective interest rate at initial recognition of the financial liability Appendix A to IFRS 9 defines both the amortised cost of a financial liability and the effective interest rate. Calculating the effective interest rate requires an entity to estimate the expected cash flows through the expected life of the financial liability by considering all the contractual terms of the financial instrument. In calculating the effective interest rate for a TLTRO III tranche at initial recognition, the question arises as to what to consider in estimating the expected future cash flows and, specifically, how to reflect uncertainty that arises from conditionality related to the contractual interest rate. The Committee noted that the question of what to consider in estimating the expected future cash flows to calculate the effective interest rate is also relevant for fact patterns other than that described in the request. The Committee therefore concluded that considering how to reflect conditionality in the contractual interest rate when calculating the effective interest rate is a broader matter, which it should not analyse solely in the context of TLTRO III tranches. Such an analysis could have unintended consequences for other financial instruments, the measurement of which involves similar questions about applying IFRS Accounting Standards. The Committee is therefore of the view that the IASB should consider this matter as part of the post-implementation review of the classification and measurement requirements in IFRS 9, together with similar matters already identified in the first phase of that review. Subsequent measurement of the financial liability at amortised cost The original effective interest rate is calculated based on estimated future cash flows at initial recognition as required by IFRS 9. The Committee noted that whether a bank alters the effective interest rate over the life of a TLTRO III tranche depends on the contractual terms of the financial liability and the applicable requirements in IFRS 9. The contractual terms of TLTRO III tranches require interest to be settled in arrears on maturity or on early repayment of each tranche. There is therefore only one cash outflow over the life of the tranche. Paragraphs B5.4.5 and B5.4.6 of IFRS 9 specify requirements for how an entity accounts for changes in estimated contractual cash flows. For floating-rate financial instruments, paragraph B5.4.5 of IFRS 9 specifies that the periodic re-estimation of cash flows to reflect the movements in the market rates of interest alters the effective interest rate. IFRS 9 does not define what a floating rate is.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph B5.4.6 of IFRS 9 applies to changes in estimated contractual cash flows of financial liabilities other than those addressed in paragraph B5.4.5, irrespective of whether the change arises from revisions of estimated contractual cash flows or from a modification of the contractual terms of the liability. However, when changes in contractual cash flows arise from a modification of the contractual terms, an entity assesses whether those changes result in the derecognition of the original financial liability and the recognition of a new financial liability by applying paragraphs 3.3.2 and B3.3.6 of IFRS 9. The Committee also noted that the application of paragraph B5.4.6 of IFRS 9 depends on a bank's estimates of expected future cash flows in calculating the effective interest rate at initial recognition of the financial liability because paragraph B5.4.6 requires the use of the original effective interest rate to discount the revised cash flows. The Committee observed that the question of how conditionality related to the contractual interest rate is reflected in the estimates of expected future cash flows when applying the effective interest method affects both initial and subsequent measurement. As this question is part of a broader matter, the Committee considered that it should not be analysed solely in the context of TLTRO III tranches. The Committee is therefore of the view that the IASB should consider this matter as part of the post-implementation review of the classification and measurement requirements in IFRS 9, together with similar matters already identified in the first phase of that review. Disclosure If a bank assesses that the ECB meets the definition of government in IAS 20 and that it has received government assistance from the ECB, the bank needs to provide the information required by paragraph 39 of IAS 20 regarding government grants and government assistance. Given the judgements required and the risks arising from the TLTRO III tranches, a bank also needs to consider the requirements in paragraphs 117, 122 and 125 of IAS 1 Presentation of Financial Statements, as well as paragraphs 7, 21 and 31 of IFRS 7 Financial Instruments: Disclosures. These paragraphs require a bank to disclose information that includes its significant accounting policies and management's assumptions and judgements in applying its accounting policies that have the most significant effect on the amounts recognised in the financial statements. Conclusion The Committee concluded that IAS 20 provides an adequate basis for the bank to assess whether TLTRO III tranches contain a portion that is treated as a government grant in IAS 20 and, if so, how to account for that portion. Regarding the question of how conditionality related to the contractual interest rate is reflected in the estimates of expected future cash flows when calculating the effective interest rate at initial recognition or in the revisions of estimated future cash flows on subsequent measurement of the financial liability, the Committee concluded that the matters described in the request are part of a	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		broader matter that, in isolation, are not possible to address in a cost-effective manner and should be reported to the IASB. The IASB should consider this matter as part of the post-implementation review of the classification and measurement requirements in IFRS 9. For these reasons, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 9 / IFRS 16	IFRS 9 Financial Instruments and IFRS 16 Leases – Lessor Forgiveness of Lease Payments	The Committee received a request about a lessor's application of IFRS 9 and IFRS 16 in accounting for a particular rent concession. The rent concession is one for which the only change to the lease contract is the lessor's forgiveness of lease payments due from the lessee under that contract. The fact pattern The request described a rent concession agreed by a lessor and a lessee on the date the rent concession is granted. The rent concession changes the original terms and conditions of a lease contract classified by the lessor—applying IFRS 16—as an operating lease. The lessor legally releases the lessee from its obligation to make specifically identified lease payments: a) some of these lease payments are amounts contractually due but not paid. Paragraph AG9 of IAS 32 states that 'a lessor does not regard an operating lease as a financial instrument, except as regards individual payments currently due and payable by the lessee'. Therefore, the lessor has recognised these amounts as an operating lease receivable. Applying paragraph 81 of IFRS 16, the lessor has also recognised the amounts as income. b) some of these lease payments are not yet contractually due. No other changes are made to the lease contract, nor are there any other negotiations between the lessor and the lessee that might affect the accounting for the rent concession. Before the date the rent concession is granted, the lessor applies the expected credit loss model in IFRS 9 to the operating lease receivable. The question The request asked: a) how the lessor applies the expected credit loss model in IFRS 9 to the operating lease receivable before the rent concession is granted if it expects to forgive payments due from the lessee under the lease contract; and b) whether the lessor applies the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 in accounting for the rent concession. Applying the expected credit loss model in IFRS 9 to the operating lease receivable Paragraph 2.1(b)(i) of IFRS 9 states that 'operating lease receivables recognised by a lessor are subject to the derecognition and impairment requirements' in IFRS 9. Therefore, a lessor is required to apply the impairment requirements in IFRS 9 to the gross carrying amount of an operating lease receivable from the date on which it recognises that receivable, taking into account applicable derecognition requirements in IFRS 9.	Oct-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		IFRS 9 defines credit loss as ‘the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (ie all cash shortfalls)...’. Paragraph 5.5.17 of IFRS 9 states that ‘an entity shall measure expected credit losses ... in a way that reflects (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions’. Consequently, in the fact pattern described in the request, the lessor applies the impairment requirements in IFRS 9 to the operating lease receivable. The lessor estimates expected credit losses on the operating lease receivable by measuring any credit loss to reflect ‘all cash shortfalls’. These shortfalls are the difference between: a) all contractual cash flows due to the lessor in accordance with the lease contract (and included in the gross carrying amount of the operating lease receivable); and b) all the cash flows the lessor expects to receive, determined using ‘reasonable and supportable information’ about ‘past events, current conditions and forecasts of future economic conditions’. Therefore, the Committee concluded that, before the rent concession is granted, the lessor measures expected credit losses on the operating lease receivable in a way that reflects ‘an unbiased and probability-weighted amount ...’, ‘the time value of money’, and ‘reasonable and supportable information ...’ (as required by paragraph 5.5.17 of IFRS 9). This measurement of expected credit losses includes the lessor considering its expectations of forgiving lease payments recognised as part of that receivable. Accounting for the rent concession—IFRS 9 and IFRS 16 <i>Applying the derecognition requirements in IFRS 9 to the operating lease receivable</i> Paragraph 2.1(b)(i) of IFRS 9 states that operating lease receivables recognised by a lessor are subject to the derecognition requirements in IFRS 9. Consequently, on granting the rent concession, the lessor considers whether the requirements for derecognition in paragraph 3.2.3 of IFRS 9 are met. In the rent concession described in the request, the lessor legally releases the lessee from its obligation to make specifically identified lease payments, some of which the lessor has recognised as an operating lease receivable. Accordingly, on granting the rent concession, the lessor concludes that the requirements in paragraph 3.2.3(a) of IFRS 9 have been met—that is, its contractual rights to the cash flows from the operating lease receivable expire—because it has agreed to legally release the lessee from its obligation and thus has given up its contractual rights to those specifically identified cash flows. Therefore, on the date the rent concession is granted, the lessor remeasures expected credit losses on the operating lease receivable (and recognises any change to the expected credit loss allowance in profit or loss) and derecognises the operating lease receivable (and associated expected credit loss allowance). <i>Applying the lease modification requirements in IFRS 16 to future lease payments under the lease</i>	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The rent concession described in the request meets the definition of a lease modification in IFRS 16. The rent concession is ‘a change in ... the consideration for a lease ... that was not part of the original terms and conditions of the lease’. Therefore, the lessor applies paragraph 87 of IFRS 16 and accounts for the modified lease as a new lease from the date the rent concession is granted. Paragraph 87 of IFRS 16 requires a lessor to consider any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The Committee observed that lease payments contractually due from the lessee that the lessor has recognised as an operating lease receivable (to which the derecognition and impairment requirements in IFRS 9 apply) are not accrued lease payments. Consequently, neither those lease payments nor their forgiveness are considered—applying paragraph 87 of IFRS 16—as part of the lease payments for the new lease. In accounting for the modified lease as a new lease, a lessor applies paragraph 81 of IFRS 16 and recognises the lease payments (including any prepaid or accrued lease payments relating to the original lease) as income on either a straight-line basis or another systematic basis. The Committee concluded that the lessor accounts for the rent concession described in the request on the date it is granted by applying: (a) the derecognition requirements in IFRS 9 to forgiven lease payments that the lessor has recognised as an operating lease receivable; and (b) the lease modification requirements in IFRS 16 to forgiven lease payments that the lessor has not recognised as an operating lease receivable. Conclusion The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for a lessor to determine how to apply the expected credit loss model in IFRS 9 to an operating lease receivable and account for the rent concession described in the request. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 9/IFRS 17	Premiums Receivable from an Intermediary	Please use the link on the left to refer to IFRS 17 section below	Oct-23
IFRS 9	Guarantee over a Derivative Contract	The Committee received a request about whether, in applying IFRS 9, an entity accounts for a guarantee written over a derivative contract as a financial guarantee contract or as a derivative. The request described a guarantee written over a derivative contract between two third parties. Such a guarantee would reimburse the holder of the guarantee for the actual loss incurred—up to the close-out amount—in the event of default by the other party. The close-out amount is determined based on a valuation of the remaining contractual cash flows of the derivative immediately prior to default.	Oct-23

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Conclusion Evidence gathered by the Committee indicated that the matter described in the request is not widespread, and that when the matter does arise, the amounts involved are not material. On the basis of that evidence, the Committee concluded that the matter described in the request does not have widespread effect and it does not have (nor is it expected to have) a material effect on those affected. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IAS 37/ IFRS 9/ IFRS 15 /IFRS 17	IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 17 Insurance Contracts and IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Guarantees Issued on Obligations of Other Entities	Please use the link on the left to refer to IAS 37 section above	Apr-25
IFRS 9	Determining and Accounting for Transaction Costs	The Committee received a request about the application of the definition of transaction costs in IFRS 9 and the requirements in IFRS 9 relating to transaction costs. Fact pattern The request asked how an entity determines whether costs that are directly attributable to the origination or issuance of a financial instrument but are incurred before entering into the contractual arrangement are 'incremental' and, therefore, meet the definition of transaction costs in Appendix A of IFRS 9. In the fact pattern described in the request, an entity intends to enter into a loan contract with a bank and incurs legal and advisory fees while analysing the terms and conditions of the proposed loan. The entity expects to proceed with the contract, but the loan contract has not been signed as of the date the entity's financial statements are authorised for issue. The request outlined two views: a) in one view, costs that are incurred before entering into the contractual arrangement cannot meet the definition of transaction costs set out in Appendix A of IFRS 9; and b) in the other view, costs that are incurred before entering into the contractual arrangement can meet the definition of transaction costs set out in Appendix A of IFRS 9, even if there is a possibility that the financial instrument might not be originated or issued.	Jan-26

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Assuming that the costs are determined to be transaction costs, the request asked how to account for such costs in the period between incurring the costs and entering into the contractual arrangement. Findings Evidence gathered by the Committee indicated no diversity in applying IFRS 9 that could have a material effect on entities' financial statements with regards to determining and accounting for costs incurred before entering into a contractual arrangement. Feedback suggested that: a) costs that are directly attributable to the origination or issuance of a financial instrument but are incurred before entering into the contractual arrangement are not precluded from being 'incremental' and, accordingly, could meet the definition of transaction costs in IFRS 9; and b) transaction costs are recognised in the statement of financial position, often as prepayments or other assets. Conclusion Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 9	Embedded prepayment options	The Committee received a request about the application of the requirements in paragraph B4.3.5 of IFRS 9 to determine whether to separate an embedded prepayment option in a loan contract. Fact pattern The request asked whether, for purposes of applying paragraph B4.3.5(e)(ii) of IFRS 9 to a prepayment option in a financial liability, 'the entity' should be read to refer to 'the lender' or 'the reporting entity' (that is, the borrower). In the fact pattern described in the request, a reporting entity (the borrower) signed a loan contract that contains an early repayment option (the prepayment option). The request stated that views differ in practice with regards to the meaning of 'the entity' in paragraph B4.3.5(e)(ii) of IFRS 9: a) one view is that 'the entity' refers to 'the lender' because lost interest should be considered from the lender's perspective; and b) the other view is that, similar to references to 'the entity' in other IFRS Accounting Standards, 'the entity' is 'the reporting entity' (that is, the borrower) and lost interest should be considered from the reporting entity's perspective. The distinction between 'the entity' meaning 'the lender' or 'the reporting entity' can be significant, because the assessment of whether to separate an embedded derivative from the host contract could differ depending on whether it is assessed from the lender's or the borrower's perspective. The effects of accounting for an embedded derivative at fair value through profit or loss and for a host contract at amortised cost differ from the effects of accounting for the entire financial liability at amortised cost.	Jan-26

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Findings Evidence gathered by the Committee indicated no diversity in practice that could have a material effect on entities' financial statements with regards to interpreting the term 'the entity' in paragraph B4.3.5(e)(ii) of IFRS 9. Feedback suggested that stakeholders read the requirements as referring to the lender. Conclusion Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
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IFRS 10	IAS 27 Consolidated and Separate Financial Statements and IFRS 10 Consolidated Financial Statements—Non-cash acquisition of a non-controlling interest by a controlling shareholder in the consolidated financial statements	The Interpretations Committee received a request for guidance on the accounting for the purchase of a non-controlling interest (NCI) by the controlling shareholder when the consideration includes non-cash items. More specifically, the submitter asked the Interpretations Committee to clarify whether the difference between the fair value of the consideration given and the carrying amount of such consideration should be recognised in equity or in profit or loss. The submitter asserted that, according to paragraph 31 of IAS 27, the difference described should be recognised in equity, whereas applying IFRIC 17 Distributions of Non-cash Assets to Owners by analogy the difference should be recognised in profit or loss. The submitter asked the Interpretations Committee to resolve this apparent conflict between IAS 27 and IFRIC 17. The Interpretations Committee noted that paragraph 31 of IAS 27 deals solely with the difference between the carrying amount of NCI and the fair value of the consideration given; this difference is required to be recognised in equity. This paragraph does not deal with the difference between the fair value of the consideration given and the carrying amount of such consideration. The difference between the fair value of the assets transferred and their carrying amount arises from the derecognition of those assets. IFRSs generally require an entity to recognise, in profit or loss, any gain or loss arising from the derecognition of an asset. Consequently, the Interpretations Committee concluded that in the light of the existing IFRS requirements, an interpretation or an amendment to Standards was not necessary and consequently decided not to add this issue to its agenda.	Jan-13
IFRS 10	IFRS 10 Consolidated Financial Statements—Effect of protective rights on an assessment of control	The Interpretations Committee received a request to clarify the guidance in IFRS 10. The query relates to protective rights and the effect of those rights on the power over the investee. More specifically, the submitter asked whether the assessment of control should be reassessed when facts and circumstances change in such a way that rights, previously determined to be protective, change (for example upon the breach of a covenant in a borrowing arrangement that causes the borrower to be in default) or whether, instead, such rights are never included in the reassessment of control upon a change in facts and circumstances.	Sep-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee observed that paragraph 8 of IFRS 10 requires an investor to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The Interpretations Committee also observed that a breach of a covenant that results in rights becoming exercisable constitutes such a change. It noted that the Standard does not include an exemption for any rights from this need for reassessment. The Interpretations Committee also discussed the IASB's redeliberations of this topic during the development of IFRS 10 and concluded that the IASB's intention was that rights initially determined to be protective should be included in a reassessment of control whenever facts and circumstances indicate that there are changes to one or more of the three elements of control. Accordingly, the Interpretations Committee noted that the conclusion about which party controlled the investee would need to be reassessed after the breach occurred. It also noted that the reassessment may or may not result in a change to the outcome of the assessment of control, depending on the individual facts and circumstances. The Interpretations Committee also concluded that it did not expect significant diversity in practice to develop following the implementation of the Standard. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 10/ IFRS 11	IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements Transition provisions in respect of impairment, foreign exchange and borrowing costs	The Interpretations Committee received a request to clarify the transition provisions of IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements. The transition provisions of IFRS 10 and IFRS 11 include exemptions from retrospective application in specific circumstances. However, the submitter observes that IFRS 10 and IFRS 11 do not provide specific exemptions from retrospective application in respect of the application of IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 23 Borrowing Costs or IAS 36 Impairment of Assets. The submitter thinks that retrospective application of these Standards could be problematic when first applying IFRS 10 and IFRS 11. The Interpretations Committee noted that when IFRS 10 is applied for the first time, it must be applied retrospectively, except for the specific circumstances for which exemptions from retrospective application are given. It also noted that when IFRS 10 is applied retrospectively, there may be consequential accounting requirements arising from other Standards (such as IAS 21, IAS 23 and IAS 36). These requirements must also be applied retrospectively in order to measure the investee's assets, liabilities and non-controlling interests, as described in paragraph C4 of IFRS 10, or the interest in the investee, as described in paragraph C5 of IFRS 10. The Interpretations Committee observed that if retrospective application of the requirements of IFRS 10 is impracticable because it is impracticable to apply retrospectively the requirements of other Standards, then IFRS 10 (paragraphs C4A and C5A) provides exemption from retrospective application. The Interpretations Committee noted that although the meaning of the term 'joint control' as defined in IFRS 11 is different from its meaning in IAS 31 Interests in Joint Ventures (2003) because of the new definition of 'control' in IFRS 10, nevertheless the outcome of assessing whether control is held 'jointly' would in most cases be the same in accordance with IFRS 11 as it was in accordance with IAS 31. As a result, the Interpretations Committee observed that, typically, the changes resulting from the initial application of IFRS 11 would be to change from proportionate consolidation to equity accounting or from equity accounting to recognising a share of assets and a share of liabilities. In those situations, IFRS 11 already provides exemption from retrospective application. The Interpretations Committee concluded that in most cases the initial application of IFRS 11 should not raise issues in respect of the application of other Standards.	Nov-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		On the basis of the analysis above, the Interpretations Committee determined that the existing transition requirements of IFRS 10 and IFRS 11 provide sufficient guidance or exemptions from retrospective application and consequently decided not to add this issue to its agenda.	
IFRS 10	IFRS 10 Consolidated Financial Statements—Classification of puttable instruments that are noncontrolling interests	The Interpretations Committee discussed a request for guidance on the classification, in the consolidated financial statements of a group, of puttable instruments that are issued by a subsidiary but that are not held, directly or indirectly, by the parent. The submitter asked about puttable instruments classified as equity instruments in the financial statements of the subsidiary in accordance with paragraphs 16A-16B of IAS 32 Financial Instruments: Presentation ('puttable instruments') that are not held, directly or indirectly, by the parent. The question asked was whether these instruments should be classified as equity or liability in the parent's consolidated financial statements. The submitter claims that paragraph 22 of IFRS 10 Consolidated Financial Statements is not consistent with paragraph AG29A of IAS 32, because: a) IFRS 10 defines non-controlling interests (NCI) as equity in a subsidiary not attributable, directly or indirectly, to a parent; b) according to paragraph 22 of IFRS 10 a parent shall present non-controlling interests (NCI) in the consolidated statement of financial position within equity; but c) according to paragraph AG29A of IAS 32, instruments classified as equity instruments in accordance with paragraphs 16A-16D of IAS 32 in the separate or individual financial statements of the subsidiary that are NCI are classified as liabilities in the consolidated financial statements of the group. The Interpretations Committee noted that paragraphs 16A-16D of IAS 32 state that puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation meet the definition of a financial liability. These instruments are classified as equity in the financial statements of the subsidiary as an exception to the definition of a financial liability if all relevant requirements are met. Paragraph AG29A clarifies that this exception applies only to the financial statements of the subsidiary and does not extend to the parent's consolidated financial statements. Consequently, these financial instruments should be classified as financial liabilities in the parent's consolidated financial statements. The Interpretations Committee therefore concluded that in the light of the existing guidance in IAS 32, neither an interpretation nor an amendment to a Standard was necessary and consequently decided not to add this issue to its agenda.	Nov-13
IFRS 10	IFRS 10 Consolidated Financial Statements: Investment Entities	The Interpretations Committee received a request to clarify the definition of 'investment-related services or activities' as it relates to subsidiaries that act as intermediate holding companies ('intermediate subsidiaries') and are established for 'tax optimisation' purposes.	Mar-14

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	Amendments—the definition of investment-related services or activities	An investment entity is permitted to provide investment-related services or activities, either directly or through a subsidiary. If an investment entity provides investment-related services or activities through a subsidiary, the investment entity shall consolidate that subsidiary. Some investment entities establish wholly-owned intermediate subsidiaries in some jurisdictions, which own all or part of the portfolio of investments in the group structure. The sole purpose of the intermediate subsidiaries is to minimise the tax paid by investors in the 'parent' investment entity. There is no activity within the subsidiaries and the tax advantage comes about because of returns being channelled through the jurisdiction of the intermediate subsidiary. The submitter asked whether the 'tax optimisation' described should be considered investment-related services or activities. The Interpretations Committee noted that, according to paragraph BC272 of IFRS 10, the IASB thinks that fair value measurement of all of an investment entity's subsidiaries would provide the most useful information, except for subsidiaries providing investment-related services or activities. In addition, the Interpretations Committee noted that the IASB had considered requiring an investment entity to consolidate investment entity subsidiaries that are formed for tax purposes, but had decided against this. The Interpretations Committee noted that one of the characteristics of 'tax optimisation' subsidiaries described in the submission is "that there is no activity within the subsidiary". Accordingly, the Interpretations Committee considers that the parent should not consolidate such subsidiaries, because they do not provide investment-related services or activities, and do not meet the requirements to be consolidated in accordance with paragraph 32 of IFRS 10. The parent should therefore account for such an intermediate subsidiary at fair value. On the basis of the analysis above, the Interpretations Committee considered that in the light of the existing IFRS requirements, neither an interpretation nor an amendment to a Standard was necessary and consequently decided not to add the issue to its agenda.	
IFRS 10	IFRS 10 Consolidated Financial Statements—Single-asset, single lessee lease vehicles	The Interpretations Committee received two requests for clarification about the interaction of IFRS 10 and IAS 17 Leases. In both examples, a structured entity (SE) is created to lease a single asset to a single lessee. In one submission the lease is an operating lease; in the other it is a finance lease. In the case of the operating lease, the question was whether the lessee should consolidate the SE. In the case of the finance lease, the question was whether the lender should consolidate the SE. In both examples, the consolidation decision would be based on an assessment of whether the entity controls the SE. In particular, the submitters asked whether the lessee's use of the leased asset is a relevant activity of the SE when assessing power over the SE. The Interpretations Committee noted that an entity has power over an investee when it has rights that give it the current ability to direct the relevant activities of the entity, ie the activities that significantly affect the investee's returns. On entering into a lease,	May-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		regardless of whether it is a finance lease or an operating lease, the SE (the lessor) would have two rights—a right to receive lease payments and a right to the residual value of the leased asset at the end of the lease. Consequently, the activities that would affect the SE's returns would relate to managing the returns derived from these rights; for example, managing the credit risk associated with the lease payments and any other guaranteed payments or managing the leased asset at the end of the lease term (for example, managing its sale or re-leasing). How the decision-making relating to these activities would significantly affect the SE's returns would depend on the particular facts and circumstances. The Interpretations Committee was of the view that the lessee's right to use the leased asset for a period of time would not, in isolation, typically give the lessee decision-making rights over these relevant activities of the SE and hence would not typically be a relevant activity of the SE. However, it noted that this conclusion does not mean that a lessee can never control the lessor. For example, a parent that controls another entity for other reasons can lease an asset from that entity. It also noted that, in assessing control, an entity would consider all of the rights that it has in relation to the investee to determine whether it has power over the investee. This would include rights in contractual arrangements other than the lease contract, such as contractual arrangements for loans made to the lessor, as well as rights included within the lease contract, including those that go beyond simply providing the lessee with the right to use the asset. As a result of its discussions, the Interpretations Committee concluded that the principles and guidance within IFRS 10 would enable a determination of control to be made in a specific scenario based on the relevant facts and circumstances of that scenario. The Interpretations Committee also noted that it is not its practice to give case-by-case advice on individual fact patterns. Consequently, the Interpretations Committee thought that neither an Interpretation of nor an amendment to a Standard is required and decided not to add these issues to its agenda.	
IFRS 10 / IFRS 11	IFRS 11 Joint Arrangements and IFRS 10 Consolidated Financial Statements—Accounting for loss of control transactions	See below (click link on left to access)	Jul-16
IFRS 10	IFRS 10 Consolidated Financial Statements—	The Committee received a request regarding the investment entity requirements in IFRS 10, including how an entity applies the requirements in paragraphs 27 and 28 of IFRS 10, and how an investment entity assesses whether it consolidates a subsidiary applying paragraph 32 of IFRS 10 in specified circumstances. The Committee discussed the following questions:	Mar-17

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	Investment entities and subsidiaries	a) does an entity qualify as an investment entity if it possesses all three elements described in paragraph 27 of IFRS 10, but does not have one or more of the typical characteristics of an investment entity listed in paragraph 28 of IFRS 10? (Question a) b) does an entity provide investment management services to investors (as specified in paragraph 27(a) of IFRS 10) if it outsources the performance of these services to a third party? (Question b). c) to what extent can an investment entity provide investment-related services, itself or through a subsidiary, to third parties? (Question c) d) does a subsidiary provide services that relate to its parent investment entity's investment activities (as specified in paragraph 32 of IFRS 10) by holding an investment portfolio as beneficial owner? (Question d) Question a Paragraph 27 of IFRS 10 lists the three elements an entity must possess to qualify as an investment entity. Paragraph B85A of IFRS 10 emphasises the importance of considering all facts and circumstances when assessing whether an entity is an investment entity, and notes that an entity that possesses the three elements of the definition of an investment entity in paragraph 27 is an investment entity. Paragraphs B85B-B85M then describe the elements of the definition in more detail. Paragraph 28 of IFRS 10 lists typical characteristics that an entity considers in assessing whether it possesses all three elements in paragraph 27, and says that the absence of any of these characteristics does not necessarily disqualify an entity from being an investment entity. Paragraph B85N of IFRS 10 clarifies that the absence of one or more of the typical characteristics of an investment entity listed in paragraph 28 of IFRS 10 indicates that additional judgement is required in determining whether the entity is an investment entity. Accordingly, the Committee concluded that an entity that possesses all three elements of the definition of an investment entity in paragraph 27 of IFRS 10 is an investment entity. This is the case even if that entity does not have one or more of the typical characteristics of an investment entity listed in paragraph 28 of IFRS 10. Question b Paragraph 27(a) of IFRS 10 requires an investment entity to provide investors with investment management services. IFRS 10 does not specify how the investment entity must provide these services, and does not preclude it from outsourcing the performance of these services to a third party. Accordingly, the Committee concluded that an investment entity responsible for providing investment management services to its investors can engage another party to perform some or all of these services on its behalf (ie it can outsource the performance of some or all of these services).	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Question c Paragraph 27(b) of IFRS 10 requires that the business purpose of an investment entity is to invest solely for capital appreciation, investment income, or both. Paragraph B85C of IFRS 10 says that an investment entity may provide investment-related services, either directly or through a subsidiary, to third parties as well as to its investors (even if those activities are substantial to the entity), subject to the entity continuing to meet the definition of an investment entity. Accordingly, the Committee concluded that an investment entity may provide investment-related services to third parties, either directly or through a subsidiary, as long as those services are ancillary to its core investing activities and thus do not change the business purpose of the investment entity. The Committee observed that an investment entity assesses whether the investment management services provided by a subsidiary, including those provided to third parties, relate to the investment entity's investment activities. If so, the investment entity includes these services when assessing whether the investment entity itself possesses the element of the investment entity definition in paragraph 27(b) of IFRS 10. The Committee also noted that, applying paragraph 32 of IFRS 10, an investment entity consolidates any non-investment entity subsidiaries whose main purpose and activities are providing services that relate to the investment entity's investment activities. Question d The Committee observed that it had previously discussed a question similar to Question d. At its meeting in March 2014, the Committee issued an agenda decision noting its conclusion that a subsidiary does not provide investment-related services or activities if the subsidiary holds investments for tax optimisation purposes and there is no activity within the subsidiary. Similarly, the Committee concluded that an investment entity does not consider the holding of investments by a subsidiary as beneficial owner (and recognised in the subsidiary's financial statements) to be a service that relates to the parent investment entity's investment activities (as specified in paragraph 32 of IFRS 10). For all four questions (ie Questions a—d), the Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine the appropriate accounting in each of the specified circumstances. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 11	IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements—Transition provisions in respect of impairment, foreign exchange and borrowing costs	See above (click link on left to access)	Nov-13
IFRS 11	IFRS 11 Joint Arrangements—Classification of joint arrangements	The Interpretations Committee received a request to clarify how the assessment of 'other facts and circumstances' described in IFRS 11 affects the classification of a joint arrangement as a joint operation or a joint venture. The Interpretations Committee considered whether the assessment of 'other facts and circumstances' should be undertaken with a view only towards whether those facts and circumstances create enforceable rights to the assets and obligations for the liabilities or whether that assessment should also consider the design and purpose of the joint arrangement, the entity's business needs and the entity's past practices. The Interpretations Committee noted that paragraph 14 of IFRS 11 requires the classification of a joint arrangement as a joint operation or a joint venture to depend on rights to the assets and obligations for the liabilities of the parties to the arrangement, and that rights and obligations, by nature, are enforceable. The Interpretations Committee noted that paragraph B30 of IFRS 11 describes that when 'other facts and circumstances' give the parties rights to the assets, and obligations for the liabilities, relating to the arrangement, the assessment of 'other facts and circumstances' would lead to the joint arrangement being classified as a joint operation. Consequently, the Interpretations Committee noted that the assessment of 'other facts and circumstances' should focus on whether those facts and circumstances create rights to the assets and obligations for the liabilities. The Interpretations Committee considered that in the light of its analysis of the existing IFRS requirements, no Interpretation or amendment to the Standard was required. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	May-14
IFRS 11	IFRS 11 Joint Arrangements—Classification of joint arrangements: the assessment of 'other facts and circumstances'	In May 2014, the Interpretations Committee published an agenda decision in the IFRIC Update with regard to an issue of how an assessment of 'other facts and circumstances' as noted in paragraph 17 of IFRS 11 should be performed. The Interpretations Committee considered whether the assessment of other facts and circumstances should be undertaken with a view only towards whether those facts and circumstances create enforceable rights to the assets and obligations for the liabilities, or whether that assessment should also consider the design and purpose of the joint arrangement, the entity's business needs and the entity's past practices.	Mar-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee noted that paragraph 14 of IFRS 11 requires the classification of a joint arrangement as a joint operation or a joint venture to depend on each party's rights to the assets and obligations for the liabilities of the joint arrangement, and that the rights and obligations are enforceable. The Interpretations Committee also noted that paragraph B30 of IFRS 11 explains that the assessment of other facts and circumstances would lead to the joint arrangement being classified as a joint operation when those other facts and circumstances give each party both rights to the assets, and obligations for the liabilities, relating to the arrangement. Consequently, the Interpretations Committee noted that the assessment of other facts and circumstances should focus on whether those facts and circumstances create enforceable rights to the assets and obligations for the liabilities. The Interpretations Committee also discussed how and why particular facts and circumstances create rights to the assets and obligations for the liabilities. This discussion is described in the following paragraphs. <i>How and why particular facts and circumstances create rights and obligations</i> The Interpretations Committee discussed how and why particular facts and circumstances create rights and obligations that result in the joint arrangement being classified as a joint operation, when the joint arrangement is structured through a separate vehicle whose legal form causes the separate vehicle to be considered in its own right. The Interpretations Committee noted that the assessment of other facts and circumstances is performed when there is no contractual arrangement to reverse or modify the rights and obligations conferred by the legal form of the separate vehicle through which the arrangement has been structured. The assessment of other facts and circumstances thus focuses on whether the other facts and circumstances establish, for each party to the joint arrangement, rights to the assets and obligations for the liabilities relating to the joint arrangement. The Interpretations Committee, referring to paragraphs B31–B32 of IFRS 11, observed that parties to the joint arrangement have rights to the assets of the joint arrangement through other facts and circumstances when they: (a) have rights to substantially all of the economic benefits (for example, 'output') of assets of the arrangement; and (b) have obligations to acquire those economic benefits and thus assume the risks relating to those economic benefits (for example, the risks relating to the output). The Interpretations Committee, referring to paragraphs B14 and B32–B33 of IFRS 11, also observed that parties to the joint arrangement have obligations for liabilities of the joint arrangement through other facts and circumstances when: (a) as a consequence of their rights to, and obligations for, the assets of the joint arrangement, they provide cash flows that are used to settle liabilities of the joint arrangement; and (b) settlement of the liabilities of the joint arrangement occurs on a continuous basis.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		On the basis of these observations, the Interpretations Committee noted that when each party to a joint arrangement meets the criteria and therefore has both rights to the assets of the joint arrangement and obligations for the liabilities of the joint arrangement through other facts and circumstances, a joint arrangement structured through a separate vehicle is a joint operation. Consequently, the Interpretations Committee observed that, in order to classify the joint arrangement as a joint operation as a result of assessing other facts and circumstances, it is necessary to demonstrate that: (a) each party to the joint arrangement has rights and obligations relating to economic benefits of the assets of the arrangement; and (b) each party is obliged to provide cash to the arrangement through enforceable obligations, which is used to settle the liabilities of the joint arrangement on a continuous basis. <i>Implication of 'economic substance'</i> Some members of the Interpretations Committee observed that the concept of 'economic substance' may not be consistently understood or applied in practice with regard to the assessment of other facts and circumstances. The Interpretations Committee confirmed that the assessment of other facts and circumstances should focus on whether each party to the joint arrangement has rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Consequently, the Interpretations Committee, by referring to paragraph BC43 of IFRS 11, noted that the consideration of other facts and circumstances is not a test of whether each party to the joint arrangement is closely or fully involved with the operation of the separate vehicle, but is instead a test of whether other facts and circumstances override the rights and obligations conferred upon the party by the legal form of the separate vehicle. On the basis of this analysis, the Interpretations Committee determined that the assessment of other facts and circumstances should be undertaken with a view towards whether those facts and circumstances create enforceable rights to assets and obligations for liabilities. That assessment is made in the light of the existing IFRS requirements. Accordingly, the Interpretations Committee concluded that sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 11	IFRS 11 Joint Arrangements—Classification of joint arrangements: application of 'other facts	The Interpretations Committee discussed how 'other facts and circumstances' should be applied to some specific fact patterns. It identified four different cases and considered how particular features of those fact patterns would affect the classification of the joint arrangement when assessing other facts and circumstances. The observations from the discussions are as follows. <i>Output sold at a market price</i>	Mar-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
	and circumstances' to specific fact patterns	The Interpretations Committee discussed whether the fact that the output from the joint arrangement is sold to the parties of the joint arrangement at a market price prevents the joint arrangement from being classified as a joint operation, when assessing other facts and circumstances. The Interpretations Committee observed that the sale of output from the joint arrangement to the parties at market price, on its own, is not a determinative factor for the classification of the joint arrangement. It noted that the parties would need to consider, among other things, whether the cash flows provided to the joint arrangement through the parties' purchase of the output from the joint arrangement at market price, along with any other funding that the parties are obliged to provide, would be sufficient to enable the joint arrangement to settle its liabilities on a continuous basis. Accordingly, the Interpretations Committee noted that exercising judgement is needed in this situation in order to determine whether the arrangement is a joint operation based on other facts and circumstances. <i>Financing from a third party</i> The Interpretations Committee discussed whether financing from a third party prevents a joint arrangement from being classified as a joint operation. The Interpretations Committee noted that if the cash flows to the joint arrangement from the sale of output to the parties, along with any other funding that the parties are obliged to provide, satisfy the joint arrangement's liabilities, then third-party financing alone would not affect the classification of the joint arrangement, irrespective of whether the financing occurs at inception or during the course of the joint arrangement's operations. The Interpretations Committee noted that in this situation, the joint arrangement will, or may, settle some of its liabilities using cash flows from third-party financing, but the resulting obligation to the third-party finance provider will, in due course, be settled using cash flows that the parties are obliged to provide. <i>Nature of output (ie fungible or bespoke output)</i> The Interpretations Committee discussed whether the nature of the output (ie fungible or bespoke output) produced by the joint arrangement determines the classification of a joint arrangement when assessing other facts and circumstances. The Interpretations Committee noted that whether the output that is produced by the joint arrangement and purchased by the parties is fungible or bespoke is not a determinative factor for the classification of the joint arrangement. It also noted that the focus of 'obligation for the liabilities' in IFRS 11 is on the existence of cash flows flowing from the parties to satisfy the joint arrangement's liabilities as a consequence of the parties' rights to, and obligations for, the assets of the joint arrangement, regardless of the nature of the product (ie fungible or bespoke output). <i>Determining the basis for 'substantially all of the output'</i>	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee discussed whether volumes or monetary values of output should be the basis for determining whether the parties to the joint arrangement are taking 'substantially all of the output' from the joint arrangement when assessing other facts and circumstances. The Interpretations Committee, referring to paragraphs B31–B32 of IFRS 11, observed that parties to the joint arrangement have rights to the assets of the joint arrangement through other facts and circumstances when they: (a) have rights to substantially all of the economic benefits (for example, 'output') of the assets of the arrangement; and (b) have obligations to acquire those economic benefits and thus assume the risks relating to those economic benefits (for example, the risks relating to the output). The Interpretations Committee also noted from paragraphs B31–B32 of IFRS 11 that in order to meet the criteria for classifying the joint arrangement as a joint operation through the assessment of other facts and circumstances: (a) the parties to the joint arrangement should have rights to substantially all the economic benefits of the assets of the joint arrangement; and (b) the joint arrangement should be able to settle its liabilities from the 'cash flows' received as a consequence of the parties' rights to and obligations for the assets of the joint arrangement, along with any other funding that the parties are obliged to provide. The Interpretations Committee therefore noted that the economic benefits of the assets of the joint arrangement would relate to the cash flows arising from the parties' rights to, and obligations for, the assets. Consequently, it noted that the assessment is based on the monetary value of the output, instead of physical quantities. On the basis of this analysis, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add these issues to its agenda.	
IFRS 11	IFRS 11 Joint Arrangements—Classification of joint arrangements: consideration of two joint arrangements with similar features that are classified differently	The Interpretations Committee discussed a circumstance in which two joint arrangements would be classified differently when they have similar features, apart from the fact that one is structured through a separate vehicle and the other is not (in circumstances in which the legal form confers separation between the parties and the separate vehicle). Two such joint arrangements could be classified differently because: (a) the legal form of a joint arrangement structured through a separate vehicle must be overridden by other contractual arrangements or specific other facts and circumstances for the joint arrangement to be classified as a joint operation; but (b) a joint arrangement that is not structured through a separate vehicle is classified as a joint operation.	Mar-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee noted that IFRS 11 could lead to two joint arrangements being classified differently if one is structured through a separate vehicle and the other is not, but in other respects they have apparently similar features. This is because the legal form of the separate vehicle could affect the rights and obligations of the parties to the joint arrangement. The Interpretations Committee noted that the legal form of the separate vehicle is relevant in assessing the type of joint arrangement, as noted, for example, in paragraphs B22 and BC43 of IFRS 11. The Interpretations Committee thought that such different accounting would not conflict with the concept of economic substance. This is because, according to the approach adopted in IFRS 11, the concept of economic substance means that the classification of the joint arrangement should reflect the rights and obligations of the parties to the joint arrangement and the presence of a separate vehicle plays a significant role in determining the nature of those rights and obligations. The Interpretations Committee noted that the requirements of IFRS 11 provide the principles necessary for determining the classification of joint arrangements, including assessing the impact of a separate vehicle. The assessment of the classification would depend on specific contractual terms and conditions and requires a full analysis of features involving the joint arrangement. On the basis of this analysis, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda	
IFRS 11	IFRS 11 Joint Arrangements—Accounting by the joint operator: recognition of revenue by a joint operator	The Interpretations Committee discussed whether a joint operator should recognise revenue in relation to the output purchased from the joint operation by the parties. This issue relates to the application of paragraph 20(d) of IFRS 11, which requires a joint operator to recognise its share of the revenue from the sale of the output by the joint operation. Examining paragraph 20(d) of IFRS 11, the Interpretations Committee noted that if the joint arrangement is structured through a separate vehicle and the assessment of other facts and circumstances results in the joint arrangement being classified as a joint operation, in circumstances in which the parties take all the output of the joint arrangement in proportion to their rights to the output, the application of paragraph 20(d) of IFRS 11 would not result in the recognition of revenue by the parties. This is because, if the joint operators purchase all the output from the joint operation in proportion to their rights to the output, they would recognise 'their revenue' only when they sell the output to third parties. In other words, the joint operators would not recognise any amount in relation to the 'share of the revenue from the sale of the output by the joint operation'. This is because a joint operator that has an obligation to purchase the output from the joint operation has rights to the assets of the joint operation. Accordingly, the sale of the output by the joint operation to the joint operator would mean selling output to itself and, therefore, the joint operator would not recognise a share of the revenue from the sale of that output by the joint operation.	Mar-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Consequently, paragraph 20(d) of IFRS 11 would result in the recognition of revenue by a joint operator only when the joint operation sells its output to third parties. For this purpose, third parties do not include other parties who have rights to the assets and obligations for the liabilities relating to the joint operation. On the basis of this analysis, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 11	IFRS 11 Joint Arrangements—Accounting by the joint operator: the accounting treatment when the joint operator's share of output purchased differs from its share of ownership interest in the joint operation	The Interpretations Committee discussed the accounting in the circumstance in which the joint operator's share of the output purchased differs from its share of ownership interest in the joint operation. For the purposes of this discussion, the Interpretations Committee considered a fact pattern in which the joint arrangement is structured through a separate vehicle and for which the parties to the joint arrangement have committed themselves to purchase substantially all of the output produced at a price designed to achieve a break-even result. In this fact pattern, the parties to the joint arrangement would be considered to have rights to the assets and obligations for the liabilities. Such a joint arrangement is presented in Example 5 of the application guidance to IFRS 11 and is classified as a joint operation. A variation of such a fact pattern could (and does) arise in circumstances in which the parties' percentage ownership interest in the separate vehicle differs from the percentage share of the output produced, which each party is obliged to purchase. The Interpretations Committee, referring to paragraph 20 of IFRS 11, noted that the joint operators of such a joint operation would account for their assets, liabilities, revenues and expenses in accordance with the shares specified in the contractual arrangement. However, when an assessment of other facts and circumstances has concluded that the joint arrangement is a joint operation, and the joint arrangement agreement does not specify the allocation of assets, liabilities, revenues or expenses, the question arises about what share of assets, liabilities, revenue and expenses each joint operator should recognise. Specifically, should the share of assets, liabilities, revenue and expenses recognised reflect the percentage of ownership of the legal entity, or should it reflect the percentage of output purchased by each joint operator? The Interpretations Committee noted that there could be many different scenarios in which the joint operator's share of the output purchased differs from its share of ownership interest in the joint operation: for example, when the share of output purchased by each party varies over the life of the joint arrangement. A key issue that arises in this situation is over what time horizon should the share of output be considered. The Interpretations Committee also noted that if the joint operators made a substantial investment in the joint operation that differed from their ownership interest, there may be other elements of the arrangements that could explain why there is a difference between the percentage of ownership interest and the percentage share of the output produced, which each party is obliged to purchase. It noted that the identification of the other elements may provide relevant information to determine how to account for the difference between the two	Mar-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Consequently, the Interpretations Committee noted that it is important to understand why the share of the output purchased differs from the ownership interests in the joint operation. Judgement will therefore be needed to determine the appropriate accounting. The Interpretations Committee noted that notwithstanding these observations, there remained concerns about the sufficiency of the guidance in IFRS 11 on the accounting by a joint operator in the circumstances described. The Interpretations Committee noted that to develop additional guidance for this issue would require a broader analysis than could be achieved by the Interpretations Committee. Consequently, the Interpretations Committee decided not to add the issue to its agenda.	
IFRS 11	IFRS 11 Joint Arrangements— Accounting in separate financial statements: accounting by the joint operator in its separate financial statements	The Interpretations Committee discussed the issue of the accounting by a joint operator in its separate financial statements for its share of assets and liabilities of a joint operation when that joint operation is structured through a separate vehicle. The Interpretations Committee noted that IFRS 11 requires the joint operator to account for its rights and obligations in relation to the joint operation. It also noted that those rights and obligations, in respect of that interest, are the same regardless of whether separate or consolidated financial statements are prepared, by referring to paragraph 26 of IFRS 11. Consequently, the same accounting is required in the consolidated financial statements and in the separate financial statements of the joint operator. The Interpretations Committee also noted that IFRS 11 requires the joint operator to account for its rights and obligations, which are its share of the assets held by the entity and its share of the liabilities incurred by it. Accordingly, the Interpretations Committee observed that the joint operator would not additionally account in its separate or consolidated financial statements its shareholding in the separate vehicle, whether at cost in accordance with IAS 27 Separate Financial Statements or at fair value in accordance with IFRS 9 Financial Instruments. On the basis of this analysis, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	Mar-15
IFRS 11	IFRS 11 Joint Arrangements— Accounting by the joint operation: accounting by the joint operation that is a separate vehicle in its financial statements	The Interpretations Committee discussed the issue of the accounting by a joint operation that is a separate vehicle in its financial statements. The recognition by joint operators in both consolidated and separate financial statements of their share of assets and liabilities held by the joint operation leads to the question of whether those same assets and liabilities should also be recognised in the financial statements of the joint operation itself. The Interpretations Committee noted that IFRS 11 applies only to the accounting by the joint operators and not to the accounting by the separate vehicle that is a joint operation. The financial statements of the separate vehicle would therefore be prepared in accordance with applicable Standards.	Mar-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Company law often requires a legal entity/separate vehicle to prepare financial statements. Consequently, the reporting entity for the financial statements would include the assets, liabilities, revenues and expenses of that legal entity/separate vehicle. However, when identifying the assets and liabilities of the separate vehicle, it is necessary to understand the joint operators' rights and obligations relating to those assets and liabilities and how those rights and obligations affect those assets and liabilities. On the basis of this analysis, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 11	IFRS 11 Joint Arrangements—Remeasurement of previously held interests	The Interpretations Committee discussed whether previously held interests in the assets and liabilities of a joint operation should be remeasured in the following transactions when the asset or group of assets involved in such transactions do not meet the definition of a business in accordance with IFRS 3 Business Combinations: a) obtaining control of a joint operation when the entity previously had joint control of, or was a party to, the joint operation before the transaction; and b) a change of interests resulting in a party to a joint operation obtaining joint control over the joint operation. The party to the joint operation had rights to the assets and obligations for the liabilities relating to the joint operation before the transaction. The Interpretations Committee noted that paragraph 2(b) of IFRS 3 explains the requirements for accounting for an asset acquisition in which the asset or group of assets do not meet the definition of a business. The Interpretations Committee noted that paragraph 2(b) of IFRS 3 specifies that a cost-based approach should be used in accounting for an asset acquisition, and that in a cost-based approach the existing assets are generally not remeasured. The Interpretations Committee also observed that it was not aware of significant diversity in practice and, therefore, decided not to add this issue to its agenda.	Jan-16
IFRS 11 / IFRS 10	IFRS 11 Joint Arrangements and IFRS 10 Consolidated Financial Statements—Accounting for loss of control transactions	The Interpretations Committee discussed whether an entity should remeasure its retained interest in the assets and liabilities of a joint operation when the entity loses control of a business, or an asset or group of assets that is not a business. In the transaction discussed, the entity either retains joint control of a joint operation or is a party to a joint operation (with rights to assets and obligations for liabilities) after the transaction. The Interpretations Committee noted that paragraphs B34–B35 of IFRS 11 Joint Arrangements specify that an entity recognises gains or losses on the sale or contribution of assets to a joint operation only to the extent of the other parties' interests in the joint operation. The requirements in these paragraphs could be viewed as conflicting with the requirements in IFRS 10 Consolidated Financial Statements, which specify that an entity remeasures any retained interest when it loses control of a subsidiary.	Jul-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee observed that the Board issued amendments to IFRS 10 and IAS 28 Investments in Associates and Joint Ventures in September 2014 to address the accounting for the sale or contribution of assets to an associate or a joint venture. Those amendments address a similar conflict that exists between the requirements in IFRS 10 and IAS 28. The Board decided to defer the effective date of the amendments to IFRS 10 and IAS 28 and further consider a number of related issues at a later date. The Interpretations Committee observed that the Post-implementation Review of IFRS 10 and IFRS 11 would provide the Board with an opportunity to consider loss of control transactions and a sale or contribution of assets to an associate or a joint venture. Because of the similarity between the transaction discussed by the Interpretations Committee and a sale or contribution of assets to an associate or a joint venture, the Interpretations Committee concluded that the accounting for the two transactions should be considered concurrently by the Board. Consequently, the Interpretations Committee decided not to add this issue to its agenda but, instead, to recommend that the Board consider the issue at the same time the Board further considers the accounting for the sale or contribution of assets to an associate or a joint venture.	
IFRS 11	Sale of Output by a Joint Operator (IFRS 11 Joint Arrangements)	The Committee received a request about the recognition of revenue by a joint operator for output arising from a joint operation (as defined in IFRS 11) when the output it receives in a reporting period is different from the output to which it is entitled. In the fact pattern described in the request, the joint operator has the right to receive a fixed proportion of the output arising from the joint operation and is obliged to pay for a fixed proportion of the production costs incurred. For operational reasons, the output received by the joint operator and transferred to its customers in a particular reporting period is different from the output to which it is entitled. That difference will be settled through future deliveries of output arising from the joint operation—it cannot be settled in cash. Applying IFRS 15 Revenue from Contracts with Customers, the joint operator recognises revenue as a principal for the transfer of all the output to its customers. The request asked whether, in the fact pattern described, the joint operator recognises revenue to depict the transfer of output to its customers in the reporting period or, instead, to depict its entitlement to a fixed proportion of the output produced from the joint operation's activities in that period. In relation to its interest in a joint operation, paragraph 20(c) of IFRS 11 requires a joint operator to recognise 'its revenue from the sale of its share of the output arising from the joint operation'. Accordingly, the revenue recognised by a joint operator depicts the output it has received from the joint operation and sold, rather than for example the production of output. The joint operator accounts for the revenues relating to its interest in the joint operation applying the IFRS Standards applicable to the particular revenues (paragraph 21 of IFRS 11). The Committee concluded that, in the fact pattern described in the request, the joint operator recognises revenue that depicts only the transfer of output to its customers in each reporting period, ie revenue recognised applying IFRS 15. This means, for example, the joint operator does not recognise revenue for the output to which it is entitled but which it has not received from the joint operation and sold.	Mar-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for a joint operator to determine its revenue from the sale of its share of output arising from a joint operation as described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IFRS 11	Liabilities in relation to a Joint Operator's Interest in a Joint Operation (IFRS 11 Joint Arrangements)	The Committee received a request about the recognition of liabilities by a joint operator in relation to its interest in a joint operation (as defined in IFRS 11). In the fact pattern described in the request, the joint operation is not structured through a separate vehicle. One of the joint operators, as the sole signatory, enters into a lease contract with a third-party lessor for an item of property, plant and equipment that will be operated jointly as part of the joint operation's activities. The joint operator that signed the lease contract (hereafter, the operator) has the right to recover a share of the lease costs from the other joint operators in accordance with the contractual arrangement to the joint operation. The request asked about the recognition of liabilities by the operator. In relation to its interest in a joint operation, paragraph 20(b) of IFRS 11 requires a joint operator to recognise 'its liabilities, including its share of any liabilities incurred jointly'. Accordingly, a joint operator identifies and recognises both (a) liabilities it incurs in relation to its interest in the joint operation; and (b) its share of any liabilities incurred jointly with other parties to the joint arrangement. Identifying the liabilities that a joint operator incurs and those incurred jointly requires an assessment of the terms and conditions in all contractual agreements that relate to the joint operation, including consideration of the laws pertaining to those agreements. The Committee observed that the liabilities a joint operator recognises include those for which it has primary responsibility. The Committee highlighted the importance of disclosing information about joint operations that is sufficient for a user of financial statements to understand the activities of the joint operation and a joint operator's interest in that operation. The Committee noted that, applying paragraph 20(a) of IFRS 12 Disclosure of Interests in Other Entities, a joint operator is required to disclose information that enables users of its financial statements to evaluate the nature, extent and financial effects of its interests in a joint operation, including the nature and effects of its contractual relationship with the other investors with joint control of that joint operation. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for the operator to identify and recognise its liabilities in relation to its interest in a joint operation. Consequently, the Committee decided not to add this matter to its standard-setting agenda. <i>Agenda paper 9: Report to the Board</i> Respondents to the tentative agenda decision suggested that the Board consider more broadly the accounting for this type of joint operation as part of its Post-Implementation Review (PIR) of IFRS 11.	Mar-19
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 12	IFRS 12 Disclosure of Interests in Other Entities—Disclosure of summarised financial information about material joint ventures and associates	The Interpretations Committee received a request to clarify the requirement to disclose summary financial information on material joint ventures and associates in paragraph 21(b)(ii) of IFRS 12 and its interaction with the aggregation principle in paragraphs 4 and B2–B6 of IFRS 12. The submitter asserts that there are two ways to interpret the application of those paragraphs. Either the information required in paragraph 21(b)(ii) of IFRS 12 can be disclosed in aggregate for all material joint ventures or associates or such information should be disclosed individually for each material joint venture or associate. The submitter also asked the Interpretations Committee to clarify the requirements in paragraph 21(b)(ii) of IFRS 12 when the information relates to a listed joint venture or associate, and local regulatory requirements would prevent the investor from disclosing such information until the joint venture or associate has released its own financial statements. Would the investor be excused from disclosing the information? The Interpretations Committee noted that it expected the requirement in paragraph 21(b)(ii) of IFRS 12 to lead to the disclosure of summarised information on an individual basis for each joint venture or associate that is material to the reporting entity. The Interpretations Committee observed that this reflects the IASB's intentions as described in paragraph BC50 of IFRS 12. The Interpretations Committee also noted that there is no provision in IFRS 12 that permits the non-disclosure of the information required in paragraph 21(b)(ii) of IFRS 12. The Interpretations Committee analysed the results of the outreach request performed by the staff. This outreach indicated that there was no significant diversity observed in the application of IFRS 12 related to this issue. In the light of the existing IFRS requirements, and on the basis of the outreach results received, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary and therefore decided not to add this issue to its agenda.	Nov-14
IFRS 12	IFRS 12 Disclosure of Interests in Other Entities—disclosures for a subsidiary with a material non-controlling interest	The Interpretations Committee received a request for clarification in respect of the requirements in paragraphs 12(e)–(g) of IFRS 12 <i>Disclosure of Interests in Other Entities</i> to disclose information about a subsidiary that has non-controlling interests that are material to the reporting entity. The submitter asked whether the information required by paragraphs 12(e)–(g) should be provided: - at the subsidiary level (ie the 'legal' entity) and be based on the separate financial statements of the individual subsidiary; or - at a subgroup level for the subgroup of the subsidiary together with its investees and be based either on (i) the amounts of the subgroup included in the consolidated financial statements of the reporting entity; or (ii) the amounts included in	Jan-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		consolidated financial statements of the subgroup; noting that transactions and balances between the subgroup and other entities outside the subgroup would not be eliminated. The Interpretations Committee noted that, within the context of the disclosure objective in paragraph 10 of IFRS 12, materiality should be assessed by the reporting entity on the basis of the consolidated financial statements of the reporting entity. In this assessment, a reporting entity would consider both quantitative considerations (ie the size of the subsidiary) and qualitative considerations (ie the nature of the subsidiary). The Interpretations Committee noted that the decision on which approach is used to present the disclosures required by paragraphs 12(e)–(g) should reflect the one that best meets the disclosure objective of paragraph 10 of IFRS 12 in the circumstances. According to this objective, ‘An entity shall disclose information that enables users of its consolidated financial statements to understand (i) the composition of the group; and (ii) the interest that non-controlling interests have in the group’s activities and cash flows’. The Interpretations Committee observed that this judgement would be made separately for each subsidiary or subgroup that has a material non-controlling interest. <i>Disclosures required by paragraphs 12(e) and (f) of IFRS 12</i> The Interpretations Committee observed that a reporting entity would meet the requirements in paragraphs 12(e) and (f) by disclosing disaggregated information from the amounts included in the consolidated financial statements of the reporting entity in respect of subsidiaries that have non-controlling interests that are material to the reporting entity. The Interpretations Committee further observed that a reporting entity should apply judgement in determining the level of disaggregation of this information; that is, whether: a) the entity presents this information about the subgroup of the subsidiary that has a material non-controlling interest (present the required information on the basis of the subsidiary together with its investees); or b) it is necessary in achieving the disclosure objective in paragraph 10 of IFRS 12 to disaggregate the information further to present information about individual subsidiaries that have material non-controlling interests within that subgroup. <i>Disclosures required by paragraph 12(g) of IFRS 12</i> The Interpretations Committee observed that: a) paragraph 12(g) requires summarised information about the subsidiaries that have non-controlling interests that are material to the reporting entity; b) paragraph B10(b) states that an entity shall disclose ‘summarised financial information about the assets, liabilities, profit or loss and cash flows of the subsidiary that enables users to understand the interest that non-controlling interests have in the	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		group's activities and cash flows. That information might include but is not limited to, for example, current assets, non-current assets, current liabilities, non-current liabilities, revenue, profit or loss and total comprehensive income'; and c) paragraph B11 states that the 'summarised financial information required by paragraph B10(b) shall be the amounts before inter-company eliminations'. The Interpretations Committee observed that in order to meet the disclosure objective in paragraph B10(b), that information would need to be prepared on a basis that was consistent with the information included in the consolidated financial statements of the reporting entity. The Interpretations Committee understood this to mean that the information would be prepared from the perspective of the reporting entity. For example, if the subsidiary was acquired in a business combination, the amounts disclosed should reflect the effects of the acquisition accounting. The Interpretations Committee further observed that in providing the information required by paragraph 12(g) the entity would apply judgement in determining whether: a) the entity presents this information about the subgroup of the subsidiary that has a material non-controlling interest (ie, it presents the required information on the basis of the subsidiary together with its investees); or b) it is necessary in achieving the disclosure objective in paragraph 10 of IFRS 12 to disaggregate the information further to present information about individual subsidiaries that have material non-controlling interests within that subgroup. However, the Interpretations Committee noted that the information provided in respect of paragraph 12(g) would include transactions between the subgroup/subsidiary and other members of the reporting entity's group without elimination in order to meet the requirements in paragraph B11 of IFRS 12. The transactions within the subgroup would be eliminated. On the basis of this analysis, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRS 12	IFRS 12 Disclosure of Interests in Other Entities—Disclosure of summarised financial information about material joint ventures or associates	The Interpretations Committee received a request to clarify the requirement to disclose summary financial information on material joint ventures or associates in paragraph 21(b)(ii) of IFRS 12 Disclosure of Interests in Other Entities and its interaction with the aggregation principle in paragraphs 4 and B2–B6 of IFRS 12. The submitter asserts that there are two ways in which to interpret the application of those paragraphs. Either the information required in paragraph 21(b)(ii) of IFRS 12 can be disclosed in aggregate for all material joint ventures or associates, or such information should be disclosed individually for each material joint venture or associate. The submitter also asked the Interpretations Committee to clarify the requirements in paragraph 21(b)(ii) of IFRS 12 when the information relates to a listed joint venture or associate, and local regulatory requirements would prevent the investor from disclosing such information until the joint venture or associate has released its own financial statements. Would the investor be excused from disclosing the information?	Jan-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Interpretations Committee noted that it expected the requirement in paragraph 21(b)(ii) of IFRS 12 to lead to the disclosure of summarised information on an individual basis for each joint venture or associate that is material to the reporting entity (ie this information should not be presented in aggregate for all material joint ventures or associates). The Interpretations Committee observed that this reflects the IASB's intentions as described in paragraph BC50 of IFRS 12. The Interpretations Committee also noted that there is no provision in IFRS 12 that permits the non-disclosure of the information required in paragraph 21(b)(ii) of IFRS 12. The Interpretations Committee was made aware of another concern relating to the disclosures required by IFRS 12 for joint ventures or associates in paragraphs 21(b)(ii), and paragraphs B12 and B13. Some think that these paragraphs do not specify the basis on which an entity should prepare the required summarised financial information for joint ventures and associates. The question raised is whether this information should be presented for each material joint venture or associate on an individual basis, or whether this information should be disclosed for the subgroup of the joint venture or associate together with its investees. The Interpretations Committee observed that a reporting entity should present the summarised financial information required by paragraph 21(b)(ii) about a joint venture or an associate that is material to the reporting entity based on the consolidated financial statements for the joint venture or associate, if it has subsidiaries. If it does not have subsidiaries, the presentation should be based on the financial statements of the joint venture or associate in which its own joint ventures or associates are equity-accounted. The Interpretations Committee noted that these views are consistent with paragraph B14(a), which states that 'the amounts included in the IFRS financial statements of the joint venture or associate shall be adjusted to reflect adjustments made by the entity using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies'. The Interpretations Committee analysed the results of the outreach request performed by the staff. This outreach indicated that no significant diversity has been observed in the application of IFRS 12 related to these issues. In the light of the existing IFRS requirements, and on the basis of the outreach results received, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary and therefore decided not to add this issue to its agenda	
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IFRS 13 / IAS 41	IAS 41 Agriculture and IFRS 13 Fair Value Measurement—Valuation of biological assets using a residual method	The Interpretations Committee received a request seeking clarification on paragraph 25 of IAS 41. This paragraph refers to the use of a residual method as an example of a possible valuation technique to measure the fair value of biological assets that are physically attached to land, if the biological assets have no separate market but an active market exists for the combined assets.	Mar-13

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The submitter's concern is that using the fair value of the land (ie based on its highest and best use as required by IFRS 13) in applying the residual method might result in a minimal or nil fair value for the biological assets when the highest and best use of the land is different from its current use. The Interpretations Committee observed that, in the development of IFRS 13, the IASB considered the situation where the highest and best use of an asset in a group of assets is different from its current use. The Interpretations Committee noted, however, that IFRS 13 does not explicitly address the accounting implications if those circumstances arise and the fair value measurement of the asset based on its highest and best use assumes that other assets in the group need to be converted or destroyed. The Interpretations Committee also noted that this issue might not only affect the accounting for assets within the scope of IAS 41 but it could also affect the accounting for assets in the scope of other Standards. In the light of the analysis above, the Interpretations Committee observed that this issue is too broad for it to address and, accordingly, the Interpretations Committee decided not to take this issue onto its agenda. The Interpretations Committee directed the staff to ask the IASB to provide clarification of the accounting requirements for the issues considered by the Interpretations Committee.	
IFRS 13	IFRS 13 Fair Value Measurement—the fair value hierarchy when third-party consensus prices are used	The Interpretations Committee received a request to clarify under what circumstances prices that are provided by third parties would qualify as Level 1 in the fair value hierarchy in accordance with IFRS 13 Fair Value Measurement. The submitter noted that there are divergent views on the level within the hierarchy in which fair value measurements based on prices received from third parties should be classified. The Interpretations Committee noted that when assets or liabilities are measured on the basis of prices provided by third parties, the classification of those measurements within the fair value hierarchy will depend on the evaluation of the inputs used by the third party to derive those prices, instead of on the pricing methodology used. In other words, the fair value hierarchy prioritises the inputs to valuation techniques, not the valuation techniques used to measure fair value. In accordance with IFRS 13, only unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date qualify as Level 1 inputs. Consequently, the Interpretations Committee noted that a fair value measurement that is based on prices provided by third parties may only be categorised within Level 1 of the fair value hierarchy if the measurement relies solely on unadjusted quoted prices in an active market for an identical instrument that the entity can access at the measurement date. The Interpretations Committee also observed that the guidance in IFRS 13 relating to the classification of measurements within the fair value hierarchy is sufficient to draw an appropriate conclusion on the issue submitted. On the basis of the analysis performed, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	Jan-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
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IFRS 15	IFRS 15 Revenue from Contracts with Customers—Revenue recognition in a real estate contract	The Committee received a request about revenue recognition in a contract for the sale of a unit in a residential multi-unit complex. Specifically, the request asked about the application of paragraph 35 of IFRS 15, which specifies when an entity recognises revenue over time. Identifying the contract An entity accounts for contracts within the scope of IFRS 15 only when all the criteria in paragraph 9 are met. One of these criteria is that it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Accordingly, an entity applies the requirements in paragraphs 22-30 and paragraphs 35-37 discussed in this agenda decision only to contracts for which the criteria in paragraph 9 are met. Identifying performance obligations in the contract Before applying paragraph 35, an entity applies paragraphs 22–30 in identifying as a performance obligation each promise to transfer to the customer a good or service that is distinct. The Committee has included explanatory information about the application of paragraphs 22-30 to real estate contracts in its agenda decision 'Revenue Recognition in a Real Estate Contract that Includes the Transfer of Land' published in March 2018. Applying paragraph 35 of IFRS 15 Paragraph 35 specifies that an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if any one (or more) of the three criteria in paragraph 35 is met. Paragraph 32 states that if an entity does not satisfy a performance obligation over time, it satisfies the performance obligation at a point in time. Accordingly, the Committee observed that, at contract inception for each performance obligation, an entity applies the criteria in paragraph 35 to determine whether it recognises revenue over time. Paragraph 35(a) Applying paragraph 35(a), an entity recognises revenue over time if the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. In a contract for the sale of real estate that the entity constructs, the Committee observed that paragraph 35(a) is not applicable because the entity's performance creates an asset, ie the real estate, that is not consumed immediately. Paragraph 35(b) Applying paragraph 35(b), an entity recognises revenue over time if the customer controls the asset an entity's performance creates or enhances as the asset is created or enhanced. Control refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.	Mar-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph BC129 explains that the Board included the criterion in paragraph 35(b) to 'address situations in which an entity's performance creates or enhances an asset that a customer clearly controls as the asset is created or enhanced'. Accordingly, the Committee observed that, in applying paragraph 35(b), an entity assesses whether there is evidence that the customer clearly controls the asset that is being created or enhanced (for example, the part-constructed real estate) as it is created or enhanced. An entity considers all relevant factors in making this assessment—no one factor is determinative. In applying paragraph 35(b), it is important to apply the requirements for control to the asset that the entity's performance creates or enhances. In a contract for the sale of real estate that the entity constructs, the asset created is the real estate itself. It is not, for example, the right to obtain the real estate in the future. The right to sell or pledge a right to obtain real estate in the future is not evidence of control of the real estate itself. Paragraph 35(c) Paragraph BC131 explains that the Board developed a third criterion in paragraph 35(c) for recognising revenue over time because it observed that in some cases it may be unclear whether the asset that is created or enhanced is controlled by the customer. The underlying objective of the criterion in paragraph 35(c) is to determine whether the entity transfers control of goods or services to the customer as an asset is being created for that customer (paragraph BC143). Applying paragraph 35(c), an entity recognises revenue over time if: a) the asset created by the entity's performance does not have an alternative use to the entity; and b) the entity has an enforceable right to payment for performance completed to date. Paragraph 36 specifies that the asset created does not have an alternative use to an entity if the entity is restricted contractually from readily directing the asset for another use during the creation of that asset or limited practically from readily directing the asset in its completed state for another use. Paragraph 37 states that, to have an enforceable right to payment, at all times throughout the duration of the contract the entity must be entitled to an amount that at least compensates the entity for performance completed to date if the contract is terminated by the customer or another party for reasons other than the entity's failure to perform as promised. Paragraph B12 states that in assessing whether an entity has an enforceable right to payment, the entity considers the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms. This would include an assessment of whether relevant legal precedent indicates that similar rights to payment for performance completed to date in similar contracts have no binding legal effect. The Committee observed that, although an entity need not undertake an exhaustive search for evidence, it would be inappropriate for an entity to either ignore evidence of relevant legal precedent available to it or anticipate evidence that may or may not become available in the future.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee also observed that the assessment of enforceable rights as described in paragraph 35(c) is focussed on the existence of the right and its enforceability. The likelihood that the entity would exercise the right is not relevant to this assessment. Similarly, if a customer has the right to terminate the contract, the likelihood that the customer would terminate the contract is not relevant to this assessment. <i>Application of paragraph 35 to the fact pattern in the request</i> The assessment of whether to recognise revenue over time or at a point in time requires an assessment of the particular facts and circumstances of the contract, taking into account the legal environment within which the contract is enforceable. Accordingly, the outcome of an entity's assessment depends on those particular facts and circumstances. <i>In the fact pattern described in the request, the contract includes the following features:</i> a) <i>the real estate developer (entity) and the customer enter into a contract for the sale of a real estate unit in a residential multi-unit complex before the entity constructs the complex.</i> b) <i>the entity's obligation under the contract is to construct and deliver the real estate unit as specified in the contract—it cannot change or substitute the specified unit. The entity retains legal title to the real estate unit (and any land attributed to it) until the customer has paid the purchase price after construction is complete.</i> c) <i>the customer pays a portion of the purchase price for the real estate unit as the unit is being constructed, and pays the remainder (a majority) after construction is complete.</i> d) <i>the contract gives the customer the right to an undivided interest in the land and the multi-unit complex under construction. The customer cannot cancel the contract, except as noted in ii. below, nor can it change the structural design of the complex or the individual unit. The customer can resell or pledge its right to the undivided interest in the land and the complex as the complex is being constructed, subject to the entity performing a credit risk analysis of the new buyer of the right.</i> e) <i>the customer, and the other customers who have agreed to buy real estate units in the multi-unit complex, have the right to together decide to change the structural design of the complex and negotiate such change with the entity.</i> <i>The request also notes the following:</i> i. <i>if the entity is in breach of its obligations under the contract, the customer and the other customers have the right to together decide to replace the entity or otherwise stop the construction of the complex.</i> ii. <i>although the contract is irrevocable, courts have accepted requests to cancel contracts in particular circumstances, for example when it has been proven that the customer is not financially able to fulfil the terms of the contract (if, for example, the customer becomes unemployed or has a major illness that affects the customer's ability to work). In these</i>	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		<i>situations, the contract has been cancelled and the customer has received most, but not all, of the payments it has already made to the entity. The entity has retained the remainder as a termination penalty.</i> <i>The courts' acceptance of requests for cancellation provides evidence of legal precedent. This legal precedent is relevant to the assessment of the entity's enforceable right to payment as described in paragraph 35(c). It is assumed that the evidence of legal precedent is assessed as sufficient to indicate that the entity is not entitled to an amount that at least compensates it for performance completed to date in the event of cancellation for reasons other than the entity's failure to perform as promised.</i> <i>It is also assumed that all the criteria in paragraph 9 are met and that the entity identifies a single performance obligation applying paragraphs 22–30.</i> The criterion in paragraph 35(a) is not met because the entity's performance creates an asset that is not consumed immediately. Paragraph 35(b) The entity's performance creates the real estate unit under construction. Accordingly, in applying paragraph 35(b) the entity assesses whether, as the unit is being constructed, the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the part-constructed real estate unit. The Committee observed the following: a) although the customer can resell or pledge its contractual right to the undivided interest in the land and multi-unit complex as the real estate unit is being constructed, it is unable to sell or pledge the part-constructed real estate unit itself before construction is complete. b) the customer has no ability to change the structural design of the real estate unit as the unit is being constructed, nor can it use the part-constructed real estate unit itself in any other way. The customer's right together with the other customers to decide to change the structural design of the complex does not provide the customer with the ability to direct the use of the real estate unit—this is because the customer requires the agreement of the other customers to negotiate changes to the structural design, and thus the customer does not have the ability to make those changes. c) the customer's right together with the other customers to replace the entity or stop the construction of the complex, only in the event of the entity's failure to perform as promised, is protective in nature and is not indicative of control. d) the customer's exposure to changes in the market value of the real estate unit may indicate that the customer has the ability to obtain substantially all of the remaining benefits from the unit. However, it does not give the customer the ability to direct the use of the unit as it is being constructed. The Committee observed that there is no evidence that the customer has the ability to direct the use of the real estate unit as it is being constructed, and thus the customer does not control the part-constructed unit. Consequently, the criterion in paragraph 35(b) is not met.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		In the agenda decision 'Revenue recognition in a real estate contract that includes the transfer of land' published in March 2018, the Committee discusses a fact pattern involving the construction of real estate for which it concludes the criterion in paragraph 35(b) is met. Paragraph 35(c) The entity cannot change or substitute the real estate unit specified in the contract with the customer, and thus the customer could enforce its rights to the unit if the entity sought to direct the asset for another use. Accordingly, the contractual restriction is substantive and the real estate unit does not have an alternative use to the entity as described in paragraph 35(c). The entity, however, does not have an enforceable right to payment for performance completed to date as described in paragraph 35(c). This is because, in the fact pattern described in the request, there is relevant legal precedent indicating that the entity is not entitled to an amount that at least compensates it for performance completed to date in the event of cancellation for reasons other than the entity's failure to perform as promised. In the event of the courts accepting requests to cancel contracts, the entity is entitled only to a termination penalty that does not compensate the entity for performance completed to date. Based on the fact pattern described in the request, the Committee concluded that none of the criteria in paragraph 35 of IFRS 15 are met. Accordingly, the entity would recognise revenue at a point in time applying paragraph 38 of IFRS 15. The Committee concluded that the principles and requirements in IFRS 15 provide an adequate basis for an entity to determine whether to recognise revenue over time or at a point in time for a contract for the sale of real estate. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IFRS 15	IFRS 15 Revenue from Contracts with Customers—Revenue recognition in a real estate contract that includes the transfer of land	The Committee received a request about revenue recognition in a contract for the sale of land and a building to be constructed on the land. Specifically, the request asked (a) about the identification of performance obligations in the contract and (b) for each performance obligation identified, whether the real estate developer (entity) recognises revenue over time or at a point in time. Identifying performance obligations in the contract Applying paragraphs 22–30, an entity identifies as a performance obligation each promise to transfer to the customer a good or service (or a bundle of goods or services) that is distinct, or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Paragraph 27 specifies that a good or service promised to a customer is distinct if: a) the customer can benefit from the good or service on its own or together with other resources readily available to the customer (ie the good or service is capable of being distinct); and b) the entity's promise to transfer the good or service is separately identifiable from other promises in the contract (ie the promise to transfer the good or service is distinct within the context of the contract).	Mar-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The assessment of the criteria in paragraph 27 requires judgement. Paragraph BC100 notes that an entity assesses the criterion in paragraph 27(a) based on the characteristics of the goods or services themselves. Accordingly, an entity disregards any contractual limitations that might preclude the customer from obtaining readily available resources from a source other than the entity. Paragraph 29 explains that the objective underlying the criterion in paragraph 27(b) is to determine whether the nature of the promise, within the context of the contract, is to transfer each of the promised goods or services individually or, instead, to transfer a combined item to which those goods or services are inputs. Paragraph 29 also specifies some factors that indicate that two or more promises to transfer goods or services are not separately identifiable. Paragraphs BC105, BC116J and BC116K note that the notion of 'separately identifiable' in paragraph 27(b) is influenced by the notion of separable risks (ie whether the risk an entity assumes to fulfil its obligation to transfer one of those promised goods or services to the customer is a risk that is inseparable from the risk relating to the transfer of the other promised goods or services). The evaluation of whether an entity's promise is separately identifiable considers the relationship between the various goods or services within the contract in the context of the process of fulfilling the contract. Therefore, an entity considers the level of integration, interrelation or interdependence among the promises to transfer goods or services. Rather than considering whether one item, by its nature, depends on the other (ie whether two items have a functional relationship), an entity evaluates whether there is a transformative relationship between the two items in the process of fulfilling the contract. <i>A real estate contract for the transfer of land and a building</i> The following paragraphs outline factors an entity considers in assessing whether, for a contract that involves the transfer of land and a building that the entity constructs on the land, the promise to transfer land is a separate performance obligation. The land represents all of the area on which the building will be constructed and the contract is for the entire building. Those paragraphs do not consider whether the entity identifies one or more performance obligations in relation to the transfer of the building. When assessing the criterion in paragraph 27(a), the entity assesses whether the customer could benefit from the land on its own or together with other resources readily available to it. For example, could the customer hire another developer to construct a building on the land? Similarly, the entity assesses whether the customer could benefit from the construction of the building on its own or together with other resources readily available to it. For example, could the customer obtain the construction services from the entity or another developer without any transfer of land? In a contract for the transfer of an area of land and of an entire building to be constructed on the land, the Committee concluded that the land and the building are each capable of being distinct. The entity then assesses the criterion in paragraph 27(b) and its underlying objective explained in paragraph 29 (ie determining whether the nature of the promise, within the context of the contract, is to transfer the land and the building individually or, instead, to transfer a combined item to which the land and building are inputs). In assessing the criterion in paragraph 27(b), the Committee observed that the entity considers, among other factors, the following:	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) whether the entity provides a significant service of integrating the land and the building into a combined output as described in paragraph 29(a)—for example, is there a transformative relationship between the transfer of the land and the construction of the building in the process of fulfilling the contract? Would the entity's performance in constructing the building be any different if it did not also transfer the land and vice versa? There is a functional relationship between the land and the building—the building cannot exist without the land; its foundations will be built into the land. However, this does not necessarily mean that the risks the entity assumes in transferring the land to the customer are inseparable from the risks it assumes in constructing the building. b) whether the land and the building are highly interdependent or highly interrelated as described in paragraph 29(c)—for example, would the entity be able to fulfil its promise to transfer the land even if it did not construct the building, and would it be able to fulfil its promise to construct the building even if it did not transfer the land? The Committee concluded that the promise to transfer the land would be separately identifiable from the promise to construct the building on that land if the entity concluded that (a) its performance in constructing the building would be the same regardless of whether it also transferred the land; and (b) it would be able to fulfil its promise to construct the building even if it did not also transfer the land, and would be able to fulfil its promise to transfer the land even if it did not also construct the building. In assessing the criterion in paragraph 27(b), paragraph BC116N notes that the factors in paragraph 29 are not intended to be criteria that an entity evaluates independently of the 'separately identifiable' principle in paragraph 27(b). In some instances, one or more of the factors may be less relevant to the evaluation of that principle. Applying paragraph 35 of IFRS 15 Paragraph 35 specifies that an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if any one (or more) of the three criteria in paragraph 35 is met. Paragraph 32 states that if an entity does not satisfy a performance obligation over time, it satisfies the performance obligation at a point in time. Accordingly, the Committee observed that, at contract inception for each performance obligation, an entity applies the criteria in paragraph 35 to determine whether it recognises revenue over time. The Committee has included explanatory information about the application of paragraph 35 to real estate contracts in its agenda decision 'Revenue Recognition in a real estate contract' published in March 2018. Application of paragraph 35 to the fact pattern in the request The assessment of whether to recognise revenue over time or at a point in time requires an assessment of the particular facts and circumstances of the contract, taking into account the legal environment within which the contract is enforceable. Accordingly, the outcome of an entity's assessment depends on those particular facts and circumstances. <i>In the fact pattern described in the request, the contract includes the following features:</i>	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) <i>the entity and the customer enter into a non-cancellable contract for the sale of a building yet to be constructed by the entity that will comprise residential units. The contract is for the sale of the entire building.</i> b) <i>at contract inception, the entity irrevocably transfers to the customer legal title to the land on which the entity will construct the building. The contract specifies a price for the land, which the customer pays on signing the contract.</i> c) <i>the entity and the customer agree upon the structural design and specification of the building before the contract is signed. As the building is being constructed:</i> a) <i>if the customer requests changes to the structural design or specification, the entity prices the proposed changes based on a methodology specified in the contract; the customer then decides whether to proceed with the changes. The entity can reject the customer's request for changes for only a limited number of reasons, such as if the change would breach planning permission.</i> b) <i>the entity can request changes to the structural design or specification only if not doing so would lead to an unreasonable increase in costs or delay to construction. The customer must approve those changes.</i> d) <i>d. the customer is required to make milestone payments throughout the construction period. However, these payments do not necessarily correspond to the amount of work completed to date.</i> <i>It is assumed that (i) all the criteria in paragraph 9 are met and (ii) the entity identifies two performance obligations applying paragraphs 22–30—a promise to transfer the land to the customer and a promise to construct the building on that land.</i> Application of paragraph 35 to the promise to transfer land The entity's performance transfers the land to the customer. The land is not consumed immediately and, thus, the criterion in paragraph 35(a) is not met. Nor does the entity's performance create or enhance the land and, thus, the criteria in paragraphs 35(b) and 35(c) are not met. Consequently, the entity recognises revenue for the transfer of the land to the customer at a point in time applying paragraph 38 of IFRS 15. Application of paragraph 35 to the promise to construct the building The criterion in paragraph 35(a) is not met because the entity's performance creates an asset that is not consumed immediately. Paragraph 35(b) In assessing the criterion in paragraph 35(b), the entity assesses whether, as the building is being constructed, the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the part-constructed building. The customer controls the part-constructed building as it is being constructed because the customer has the following:	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) the ability to direct the use of the building as it is being constructed. The customer has this ability through its control of the land, and by being able to change the structural design and specification of the building as it is being constructed. The contract also enables the customer to prevent the entity or others from directing the use of the building. b) the ability to obtain substantially all of the remaining economic benefits from the building. The entity cannot redirect the building for another use or to another entity. Accordingly, on signing the contract, the customer has the ability to obtain substantially all of the remaining benefits from the building. The contract also enables the customer to prevent the entity or others from obtaining the benefits from the building. Accordingly, the criterion in paragraph 35(b) is met. The Board observed in paragraph BC129 that 'in the case of a construction contract in which the entity is building on the customer's land, the customer generally controls any work in progress arising from the entity's performance'. The Committee concluded that the principles and requirements in IFRS 15 provide an adequate basis for an entity to recognise revenue in the fact pattern described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IFRS 15	IFRS 15 Revenue from Contracts with Customers—Right to payment for performance completed to date	The Committee received a request about whether to recognise revenue over time or at a point in time in relation to a contract for the sale of a unit in a residential multi-unit complex (real estate unit). Specifically, the request asked whether, in the fact pattern described in the request, the real estate developer (entity) has an enforceable right to payment for performance completed to date as described in paragraph 35(c) of IFRS 15. Applying paragraph 35(c), an entity recognises revenue over time if (i) the asset created by an entity's performance does not have an alternative use to the entity; and (ii) the entity has an enforceable right to payment for performance completed to date. The underlying objective of the criterion in paragraph 35(c) is to determine whether the entity transfers control of goods or services to the customer as an asset is being created for that customer (paragraph BC143). Paragraph 37 states that, to have an enforceable right to payment, at all times throughout the duration of the contract, the entity must be entitled to an amount that at least compensates the entity for performance completed to date if the contract is terminated by the customer or another party for reasons other than the entity's failure to perform as promised. Paragraph B9 states that an amount that would compensate an entity for performance completed to date would be an amount that approximates the selling price of the goods or services transferred to date, rather than compensation for only the entity's potential loss of profit if the contract were to be terminated. The Committee observed that it is the payment the entity is entitled to receive under the contract with the customer relating to performance under that contract that is relevant in determining whether the entity has an enforceable right to payment for performance completed to date.	Mar-18

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee has also included explanatory information about the application of paragraph 35(c) to real estate contracts in its agenda decision 'Revenue Recognition in a Real Estate Contract' published in March 2018. <i>Application of paragraph 35(c) to the fact pattern in the request</i> The assessment of whether an entity has an enforceable right to payment for performance completed to date requires an entity to consider the rights and obligations created by the contract, taking into account the legal environment within which the contract is enforceable. Accordingly, the Committee observed that the outcome of an entity's assessment depends on the particular facts and circumstances of the contract. <i>In the fact pattern described in the request, the contract includes the following features:</i> a) <i>the entity and the customer enter into a contract for the sale of a real estate unit in a residential multiunit complex before the entity constructs the unit. The entity's obligation under the contract is to construct and deliver the real estate unit as specified in the contract. The entity retains legal title to the real estate unit (and any land attributed to it) until the customer has paid the purchase price after construction is complete.</i> b) <i>the customer pays 10% of the purchase price for the real estate unit at contract inception, and pays the remainder after construction is complete.</i> c) <i>the customer has the right to cancel the contract at any time before construction is complete. If the customer cancels the contract, the entity is legally required to make reasonable efforts to resell the real estate unit to a third party. On resale, the entity enters into a new contract with the third party—ie the original contract is not novated to the third party. If the resale price to be obtained from the third party is less than the original purchase price (plus selling costs), the customer is legally obliged to pay the difference to the entity.</i> <i>It is assumed that the entity identifies a single performance obligation applying paragraphs 22-30. It is also assumed that (i) the entity has determined that the contract does not meet the criteria in paragraphs 35(a) and 35(b); and (ii) the contract meets the first part of the criterion in paragraph 35(c) because the entity's performance does not create an asset with an alternative use to the entity.</i> The Committee observed that the principle in paragraph 31 of IFRS 15 for the recognition of revenue requires the customer to have obtained control of a promised good or service. Accordingly and as noted above, the underlying objective of the criterion in paragraph 35(c) is to determine whether the entity is transferring control of goods or services to the customer as an asset is being created for that customer. In line with this objective, it is the payment the entity is entitled to receive under the existing contract with the customer relating to performance under that contract that is relevant in determining whether the entity has an enforceable right to payment for performance completed to date. The consideration received by the entity from the third party in the resale contract is consideration relating to that resale contract—it is not payment for performance under the existing contract with the customer.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		In the fact pattern described in the request, the payment to which the entity has a right under the existing contract with the customer is a payment for the difference between the resale price of the unit, if any, and its original purchase price (plus selling costs). That payment does not at all times throughout the duration of the contract entitle the entity to an amount that at least approximates the selling price of the part-constructed real estate unit and, thus, it does not compensate the entity for performance completed to date. Accordingly, the entity does not have an enforceable right to payment for performance completed to date as described in paragraph 35(c) of IFRS 15. Based on the fact pattern described in the request, the Committee concluded that none of the criteria in paragraph 35 of IFRS 15 are met. Accordingly, the entity would recognise revenue at a point in time applying paragraph 38 of IFRS 15. The Committee concluded that the principles and requirements in IFRS 15 provide an adequate basis for an entity to determine whether it has an enforceable right to payment for performance completed to date. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	
IFRS 15	IFRS 15 - Assessment of promised goods or services	The Committee received a request about the recognition of revenue by a stock exchange that provides a listing service to a customer. Specifically, the request asked whether the stock exchange promises to transfer an admission service that is distinct from the listing service. In the fact pattern described in the request, the stock exchange charges the customer a non-refundable upfront fee on initial listing and an ongoing listing fee. The upfront fee relates to activities the stock exchange undertakes at or near contract inception. Paragraph 22 of IFRS 15 requires an entity to assess the goods or services promised in a contract with a customer and to identify performance obligations. A performance obligation is a promise to transfer to the customer either: a. a good or service (or a bundle of goods or services) that is distinct; or b. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. In paragraph BC87 of IFRS 15, the Board noted that before an entity can identify its performance obligations in a contract with a customer, the entity would first need to identify all the promised goods or services in that contract. Paragraph 25 of IFRS 15 specifies that performance obligations do not include activities that an entity must undertake to fulfil a contract unless those activities transfer a good or service to a customer. Paragraph B49 of IFRS 15 states that to identify performance obligations in contracts in which an entity charges a non-refundable upfront fee, the entity assesses whether the fee relates to the transfer of a promised good or service. In many cases, even though a non-refundable upfront fee relates to an activity that the entity is required to undertake at or near contract inception to fulfil the contract, that activity does not result in the transfer of a promised good or service to the customer.	Jan-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Accordingly, the Committee noted that when an entity charges a customer a non-refundable upfront fee, the entity considers whether it transfers a promised good or service to the customer at or near contract inception or, instead, for example, whether any activities it performs at or near contract inception represent tasks to set up a contract. Application of IFRS 15 to the fact pattern in the request The assessment of the goods and services promised in a contract and the identification of performance obligations requires an assessment of the facts and circumstances of the contract. Accordingly, the outcome of an entity's assessment depends on those facts and circumstances. <i>In the fact pattern described in the request, the stock exchange charges the customer a non-refundable upfront fee and an ongoing listing fee. The stock exchange undertakes various activities at or near contract inception to enable admission to the exchange, such as:</i> • <i>performing due diligence for new applications;</i> • <i>reviewing the customer's listing application (including assessing whether to accept the application);</i> • <i>issuing reference numbers and tickers for the new security;</i> • <i>processing the listing and admission to the market;</i> • <i>publishing the security on the order book; and</i> • <i>issuing the dealing notice on the admission date.</i> The Committee observed that the activities performed by the entity at or near contract inception are required to transfer the goods or services for which the customer has contracted—ie the service of being listed on the exchange. However, the entity's performance of those activities does not transfer a service to the customer. The Committee also observed that the listing service transferred to the customer is the same on initial listing and on all subsequent days for which the customer remains listed. Based on the fact pattern described in the request, the Committee concluded that the stock exchange does not promise to transfer any good or service to the customer other than the service of being listed on the exchange. The Committee concluded that the principles and requirements in IFRS 15 provide an adequate basis for an entity to assess the promised goods and services in a contract with a customer. Consequently, the Committee decided not to add this matter to its standard-setting agenda.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRS 15	Costs to fulfil a contract	The Committee received a request about the recognition of costs incurred to fulfil a contract as an entity satisfies a performance obligation in the contract over time. In the fact pattern described in the request, the entity (a) transfers control of a good over time (ie one (or more) of the criteria in paragraph 35 of IFRS 15 is met) and, therefore, satisfies a performance obligation and recognises revenue over time; and (b) measures progress towards complete satisfaction of the performance obligation using an output method applying paragraphs 39–43 of IFRS 15. The entity incurs costs in constructing the good. At the reporting date, the costs incurred relate to construction work performed on the good that is transferring to the customer as the good is being constructed. The Committee first noted the principles and requirements in IFRS 15 relating to the measurement of progress towards complete satisfaction of a performance obligation satisfied over time. Paragraph 39 states that ‘the objective when measuring progress is to depict an entity’s performance in transferring control of goods or services promised to a customer’. The Committee also observed that when evaluating whether to apply an output method to measure progress, paragraph B15 requires an entity to ‘consider whether the output selected would faithfully depict the entity’s performance towards complete satisfaction of the performance obligation’. In considering the recognition of costs, the Committee noted that paragraph 98(c) of IFRS 15 requires an entity to recognise as expenses when incurred ‘costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contract (ie costs that relate to past performance)’. The Committee observed that the costs of construction described in the request are costs that relate to the partially satisfied performance obligation in the contract—ie they are costs that relate to the entity’s past performance. Those costs do not, therefore, generate or enhance resources of the entity that will be used in continuing to satisfy the performance obligation in the future (paragraph 95(b)). Consequently, those costs do not meet the criteria in paragraph 95 of IFRS 15 to be recognised as an asset. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine how to recognise costs incurred in fulfilling a contract in the fact pattern described in the request. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	Jun-19
IFRS 15	Compensation for Delays or Cancellations	The Committee received a request about an airline’s obligation to compensate customers for delayed or cancelled flights. In the fact pattern described in the request: - legislation gives a flight passenger (customer) the right to be compensated by the flight provider (entity) for delays and cancellations subject to specified conditions in the legislation. The legislation stipulates the amount of compensation, which is unrelated to the amount the customer pays for a flight. - the legislation creates enforceable rights and obligations, and forms part of the terms of a contract between the entity and a customer.	Sep-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		c. applying IFRS 15 to a contract with a customer, the entity identifies as a performance obligation its promise to transfer a flight service to the customer. The request asked whether the entity accounts for its obligation to compensate customers either: (a) as variable consideration applying paragraphs 50–59 of IFRS 15; or (b) applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets, separately from its performance obligation to transfer a flight service to the customer. Paragraph 47 of IFRS 15 requires an entity to ‘consider the terms of the contract and its customary business practices in determining the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer...The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both’. Paragraph 51 of IFRS 15 lists examples of common types of variable consideration— ‘discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items’. Paragraph B33 of IFRS 15 specifies requirements for an entity’s obligation to pay compensation to a customer if its products cause harm or damage. An entity accounts for such an obligation applying IAS 37, separately from its performance obligation in the contract with the customer. The Committee observed that, in the fact pattern described in the request, the entity promises to transport the customer from one specified location to another within a specified time period after the scheduled flight time. If the entity fails to do so, the customer is entitled to compensation. Accordingly, any compensation for delays or cancellations forms part of the consideration to which the entity expects to be entitled in exchange for transferring the promised service to the customer; it does not represent compensation for harm or damage caused by the entity’s products as described in paragraph B33. The fact that legislation, rather than the contract, stipulates the compensation payable does not affect the entity’s determination of the transaction price —the compensation gives rise to variable consideration in the same way that penalties for delayed transfer of an asset give rise to variable consideration as illustrated in Example 20 of the Illustrative Examples accompanying IFRS 15. Consequently, the Committee concluded that compensation for delays or cancellations, as described in the request, is variable consideration in the contract. Accordingly, the entity applies the requirements in paragraphs 50–59 of IFRS 15 in accounting for its obligation to compensate customers for delays or cancellations. The Committee did not consider the question of whether the amount of compensation recognised as a reduction of revenue is limited to reducing the transaction price to nil. The Committee concluded that the principles and requirements in IFRS 15 provide an adequate basis for an entity to determine its accounting for obligations to compensate customers for delays or cancellations. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IFRS 15	Training Costs to fulfil a Contract	The Committee received a request about training costs incurred to fulfil a contract with a customer. In the fact pattern described in the request: a. an entity enters into a contract with a customer that is within the scope of IFRS 15. The contract is for the supply of outsourced services.	Mar-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b. to be able to provide the services to the customer, the entity incurs costs to train its employees so that they understand the customer's equipment and processes. The training costs are as described in paragraph 15 of IAS 38 Intangible Assets—the entity has insufficient control over the expected future economic benefits arising from the training to meet the definition of an intangible asset because employees can leave the entity's employment. Applying IFRS 15, the entity does not identify the training activities as a performance obligation. c. the contract permits the entity to charge to the customer the costs of training (i) the entity's employees at the beginning of the contract, and (ii) new employees that the entity hires as a result of any expansion of the customer's operations. The request asked whether the entity recognises the training costs as an asset or an expense when incurred. Which IFRS Standard applies to the training costs? Paragraph 95 of IFRS 15 requires an entity to recognise an asset from the costs incurred to fulfil a contract with a customer if the costs are not within the scope of another IFRS Standard, and only if those costs meet all three criteria specified in paragraph 95. Consequently, before assessing the criteria in paragraph 95, the entity first considers whether the training costs incurred to fulfil the contract are within the scope of another IFRS Standard. Paragraphs 2–7 of IAS 38 describe the scope of that Standard—paragraph 5 explicitly includes expenditure on training within IAS 38's scope, stating that IAS 38 'applies to, among other things, expenditure on advertising, training, start-up, research and development activities'. Accordingly, the Committee concluded that, in the fact pattern described in the request, the entity applies IAS 38 in accounting for the training costs incurred to fulfil the contract with the customer. Application of IAS 38 Paragraph 69(b) of IAS 38 includes expenditure on training activities as an example of expenditure that is incurred 'to provide future economic benefits to an entity, but no intangible asset or other asset is acquired or created that can be recognised'. Consequently, paragraph 69 states that such expenditure on training activities is recognised as an expense when incurred. Paragraph 15 of IAS 38 explains that 'an entity usually has insufficient control over the expected future economic benefits arising from a team of skilled staff and from training for these items to meet the definition of an intangible asset'. In addition, in explaining the requirements in IFRS 15 regarding costs to fulfil a contract, paragraph BC307 of IFRS 15 states that 'if the other Standards preclude the recognition of any asset arising from a particular cost, an asset cannot then be recognised under IFRS 15'. Accordingly, the Committee concluded that, in the fact pattern described in the request, the entity recognises the training costs to fulfil the contract with the customer as an expense when incurred. The Committee noted that the entity's ability to charge to the customer the costs of training does not affect that conclusion.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee concluded that the principles and requirements in IFRS 15 and IAS 38 provide an adequate basis for an entity to determine its accounting for training costs incurred to fulfil a contract with a customer. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IFRS 15	IFRS 15 Revenue from Contracts with Customers – Principal versus Agent: Software Reseller	The Committee received a request asking whether, in applying IFRS 15, a reseller of software licences is a principal or agent. In the fact pattern described in the request: a) the reseller has a distribution agreement with a software manufacturer that: - i). gives the reseller the right to grant (sell) the manufacturer's standard software licences to customers; - ii). requires the reseller to provide pre-sales advice to each customer—before the sale of the software licences—to identify the type and number of software licences that would meet the customer's needs; and - iii). provides the reseller with discretion in pricing the software licences for sale to customers. b) if the customer decides: - i). to buy no software licences, it pays nothing. The reseller and the customer do not enter into an agreement. - ii). to buy a specified type and number of software licences, the reseller negotiates the selling price with the customer, places an order with the software manufacturer on behalf of the customer (and pays the manufacturer), and invoices the customer for the agreed price. c) the software manufacturer provides the customer with the software licences ordered—issued in the customer's name—via a software portal and with the key necessary for activation. The software manufacturer and the customer enter into an agreement specifying the customer's right to use the software, a warranty covering the software's functionality and the term of the licence. d) if the reseller advises the customer to order an incorrect type or number of software licences (that fails to meet the customer's needs), the customer may not accept the licences. The reseller is unable to return unaccepted licences to the software manufacturer or sell them to another customer. Applicable requirements in IFRS 15—Principal versus agent considerations Paragraphs B34–B38 set out a framework to determine whether an entity is a principal or agent. When another party is involved in providing goods or services to a customer, an entity determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (the entity is a principal) or to arrange for those goods or services to be provided by the other party (the entity is an agent). Paragraph B34A states that determining the nature of its promise requires an entity to: a) identify the specified goods or services to be provided to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer (paragraph B34); and b) assess whether it controls each specified good or service before that good or service is transferred to the customer.	May-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer (paragraph B35). An entity that is an agent does not control the specified good or service provided by another party before that good or service is transferred to the customer (paragraph B36). <i>Identifying the specified goods or services to be provided to the customer</i> The first step in identifying the specified goods or services to be provided to the customer is to assess the goods or services promised in the contract with the customer. A contract with a customer generally explicitly states the goods or services that an entity promises to provide to a customer. However, the contract may also include promises that are implied by an entity's customary business practices, published policies or specific statements if, at the time of entering into the contract, those promises create a valid expectation of the customer that the entity will transfer a good or service to the customer (paragraph 24). Having assessed the goods or services promised in the contract with the customer, an entity then identifies—applying paragraphs 27–30—each distinct good or service (or distinct bundle of goods or services) to be provided to the customer. <i>Assessing whether an entity controls each specified good or service before that good or service is transferred to the customer</i> When another party is involved in providing goods or services to a customer, paragraph B35A sets out the circumstances in which an entity is a principal—one of which is when the entity obtains control of a good or another asset from the other party that it then transfers to the customer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset; control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset (paragraph 33). Paragraph B37 sets out indicators to help an entity determine whether it is a principal or agent. Such indicators include, but are not limited to: (a) primary responsibility for fulfilling the promise to provide the specified good or service; (b) inventory risk before the specified good or service has been transferred to the customer or after transfer of control to the customer; and (c) discretion in establishing the price for the specified good or service. The indicators may be more or less relevant to the assessment of control depending on the nature of the specified good or service and the terms and conditions of the contract, and different indicators may provide more persuasive evidence in different contracts (paragraph B37A). Applying IFRS 15 to the fact pattern described in the request <i>Identifying the specified goods or services to be provided to the customer</i> In the fact pattern described in the request, the reseller's contract with the customer includes an explicit promise to provide a specified type and number of standard software licences to the customer. The Committee observed that the pre-sales advice the reseller provides—under the distribution agreement between the software manufacturer and the reseller—is not an implicit promise in the contract with the customer. At the time of entering into the	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		contract with the customer, the reseller has already provided the advice. There is no further advice to be provided by the reseller and the advice already provided will not be transferred to the customer after contract inception. Consequently, at the time of entering into the contract with the customer, there is no valid expectation of the customer that the reseller will transfer a good or service to the customer other than the standard software licences. Accordingly, the Committee concluded that, in the fact pattern described in the request, the promised goods in the reseller's contract with the customer are the standard software licences. Because the standard software licences are the only promised goods in the contract with the customer, they are distinct goods to be provided to the customer. Those licences are therefore the specified goods to be provided to the customer as described in paragraph B34A(a). <i>Assessing whether the reseller controls the standard software licences before they are transferred to the customer</i> In the fact pattern described in the request, the reseller assesses whether it obtains control of the standard software licences from the software manufacturer before they are transferred to the customer. That assessment of control requires consideration of the specific facts and circumstances, which include the terms and conditions of the contracts between the reseller and the customer, the reseller and the software manufacturer, and the software manufacturer and the customer. If—after applying the principles and requirements on control in IFRS 15—it is unclear whether the reseller is a principal or agent, the reseller considers the indicators in paragraph B37 in assessing whether it obtains control of the standard software licences from the software manufacturer before they are transferred to the customer. In the fact pattern described in the request, the Committee observed that: a) the software licences provided to the customer exist only after the reseller places an order with the software manufacturer and the software manufacturer issues the software licences in the customer's name. The software manufacturer is responsible for the software's functionality, as well as for issuing and activating the licences. The software manufacturer is therefore responsible in those respects for fulfilling the promise to provide the licences to the customer (paragraph B37(a)). b) the reseller is the party that engages with the customer before and after the software licences are provided to the customer, taking responsibility for the unaccepted licences. The reseller is therefore responsible in those respects for fulfilling the promise to provide the licences to the customer (paragraph B37(a)). c) the reseller does not obtain a pool of software licences before entering into the contract with the customer and cannot, for example, direct the software licences to another customer. The reseller therefore has no inventory risk before the licences are provided to the customer but then has inventory risk until the customer accepts the licences (paragraph B37(b)). d) the reseller has discretion in establishing the price for the software licences (paragraph B37(c)). Pricing discretion may be less relevant to the assessment of control if, for example, the market for the software licences is such that the reseller, in effect, has limited flexibility in establishing the price.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that the conclusion as to whether the reseller is a principal or agent depends on the specific facts and circumstances, including the terms and conditions of the relevant contracts. The reseller would apply judgement in making its overall assessment of whether it is a principal or agent—including considering the relevance of the indicators to the assessment of control and the degree to which they provide evidence of control of the standard software licences before they are transferred to the customer—within the context of the framework and requirements set out in paragraphs B34–B38 of IFRS 15. The Committee also observed that the reseller would disclose (a) material accounting policy information in accordance with IAS 1 Presentation of Financial Statements, and (b) information required by IFRS 15, including about its performance obligations (paragraph 119) and the judgements made in applying IFRS 15 that significantly affect the determination of the amount and timing of revenue from contracts with customers (paragraph 123). The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for a reseller to determine whether—in the fact pattern described in the request—it is a principal or agent for the standard software licences provided to a customer. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IAS 37/ IFRS 9/ IFRS 15 /IFRS 17	IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 17 Insurance Contracts and IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Guarantees Issued on Obligations of Other Entities	Please use the link on the left to refer to IAS 37 section above	Apr-25
IFRS 15	Recognition of Revenue from Tuition Fees	The Committee received a request about the period over which an educational institution recognises revenue from tuition fees. Fact pattern In the fact pattern described in the request: a. students attend the educational institution for approximately 10 months of the year (academic year) and have a summer break of approximately two months; b. during the summer break the educational institution's academic staff takes a four-week holiday and uses the rest of the time:	Apr-25

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		i. to wrap up the previous academic year (for example, by marking tests and issuing certificates); and ii. to prepare for the next academic year (for example, administering re-sit exams for students who failed in the previous academic year and developing schedules and teaching materials); and c. during the four-week period in which the academic staff is on holiday: i. the academic staff continues to be employed by, and receive salary from, the educational institution but provides no teaching services and does not carry out other activities related to providing educational services; ii. non-academic staff of the educational institution provides some administrative support (for example, responding to email enquiries and requests for past records); and iii. the educational institution continues to receive and pay for services such as IT services and cleaning. Applying IFRS 15, the educational institution recognises revenue from tuition fees over time. The request asks whether the educational institution is required to recognise that revenue evenly over the academic year (10 months), evenly over the annual reporting period (12 months), or over a different period. Findings and conclusion Evidence gathered by the Committee indicated no diversity in accounting for revenue from tuition fees. The evidence suggests any differences in the period over which these educational institutions recognise revenue from tuition fees result from differing facts and circumstances and do not reflect diversity in accounting for revenue from tuition fees. Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
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IFRS 16	Subsurface Rights	The Committee received a request about a particular contract for subsurface rights. In the contract described in the request, a pipeline operator (customer) obtains the right to place an oil pipeline in underground space for 20 years in exchange for consideration. The contract specifies the exact location and dimensions (path, width and depth) of the underground space within which the pipeline will be placed. The landowner retains the right to use the surface of the land above the pipeline, but it has no right to access or otherwise change the use of the specified underground space throughout the 20-year period of use. The customer has the right to perform inspection, repairs and maintenance work (including replacing damaged sections of the pipeline when necessary). The request asked whether IFRS 16, IAS 38 Intangible Assets or another IFRS Standard applies in accounting for the contract.	Jun-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Which IFRS Standard does an entity consider first? Paragraph 3 of IFRS 16 requires an entity to apply IFRS 16 to all leases, with limited exceptions. Paragraph 9 of IFRS 16 states: 'At inception of a contract, an entity shall assess whether the contract is, or contains, a lease'. The Committee observed that, in the contract described in the request, none of the exceptions in paragraphs 3 and 4 of IFRS 16 apply—in particular, the Committee noted that the underground space is tangible. Accordingly, if the contract contains a lease, IFRS 16 applies to that lease. If the contract does not contain a lease, the entity would then consider which other IFRS Standard applies. The Committee therefore concluded that the entity first considers whether the contract contains a lease as defined in IFRS 16. The definition of a lease Paragraph 9 of IFRS 16 states that 'a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration'. Applying paragraph B9 of IFRS 16, to meet the definition of a lease the customer must have both: d) the right to obtain substantially all the economic benefits from use of an identified asset throughout the period of use; and e) the right to direct the use of the identified asset throughout the period of use. Identified asset Paragraphs B13–B20 of IFRS 16 provide application guidance on an identified asset. Paragraph B20 states that a 'capacity portion of an asset is an identified asset if it is physically distinct'. But 'a customer does not have the right to use an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use' (paragraph B14). The Committee observed that, in the contract described in the request, the specified underground space is physically distinct from the remainder of the land. The contract's specifications include the path, width and depth of the pipeline, thereby defining a physically distinct underground space. The space being underground does not in itself affect whether it is an identified asset—the specified underground space is physically distinct in the same way that a specified area of space on the land's surface would be physically distinct. The landowner does not have the right to substitute the underground space throughout the period of use. Consequently, the Committee concluded that the specified underground space is an identified asset as described in paragraphs B13–B20. Right to obtain substantially all the economic benefits from use	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraphs B21–B23 of IFRS 16 provide application guidance on the right to obtain substantially all the economic benefits from use of an identified asset throughout the period of use. Paragraph B21 specifies that a customer can have that right, for example, by having exclusive use of the identified asset throughout the period of use. The Committee observed that, in the contract described in the request, the customer has the right to obtain substantially all the economic benefits from use of the specified underground space throughout the 20-year period of use. The customer has exclusive use of the specified underground space throughout that period of use. Right to direct the use Paragraphs B24–B30 of IFRS 16 provide application guidance on the right to direct the use of an identified asset throughout the period of use. Paragraph B24 specifies that a customer has that right if either: b. the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or c. the relevant decisions about how and for what purpose the asset is used are predetermined and (i) the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or (ii) the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. The Committee observed that, in the contract described in the request, the customer has the right to direct the use of the specified underground space throughout the 20-year period of use because the conditions in paragraph B24(b)(i) exist. How and for what purpose the specified underground space will be used (ie to locate the pipeline with specified dimensions through which oil will be transported) is predetermined in the contract. The customer has the right to operate the specified underground space by having the right to perform inspection, repairs and maintenance work. The customer makes all the decisions about the use of the specified underground space that can be made during the 20-year period of use. Consequently, the Committee concluded that the contract described in the request contains a lease as defined in IFRS 16. The customer would therefore apply IFRS 16 in accounting for that lease. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine its accounting for the contract described in the request. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IFRS 16	Lessee's Incremental Borrowing Rate	The Committee received a request about the definition of a lessee's incremental borrowing rate in IFRS 16. The request asked whether a lessee's incremental borrowing rate is required to reflect the interest rate in a loan with both a similar maturity to the lease and a similar payment profile to the lease payments. Applying IFRS 16, a lessee uses its incremental borrowing rate in measuring a lease liability when the interest rate implicit in the lease cannot be readily determined (paragraph 26 of IFRS 16). Appendix A to IFRS 16 defines a lessee's incremental borrowing rate as 'the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds	Sep-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment'. The lessee's incremental borrowing rate is therefore a lease-specific rate that the Board defined 'to take into account the terms and conditions of the lease' (paragraph BC162). In determining its incremental borrowing rate, the Board explained in paragraph BC162 that, depending on the nature of the underlying asset and the terms and conditions of the lease, a lessee may be able to refer to a rate that is readily observable as a starting point. A lessee would then adjust such an observable rate as is needed to determine its incremental borrowing rate as defined in IFRS 16. The Committee observed that the definition of a lessee's incremental borrowing rate requires a lessee to determine its incremental borrowing rate for a particular lease considering the terms and conditions of the lease, and determine a rate that reflects the rate it would have to pay to borrow: a. over a similar term to the lease term; b. with a similar security to the security (collateral) in the lease; c. the amount needed to obtain an asset of a similar value to the right-of-use asset arising from the lease; and d. in a similar economic environment to that of the lease. The definition of a lessee's incremental borrowing rate in IFRS 16 does not explicitly require a lessee to determine its incremental borrowing rate to reflect the interest rate in a loan with a similar payment profile to the lease payments. Nonetheless, the Committee observed that, in applying judgement in determining its incremental borrowing rate as defined in IFRS 16, it would be consistent with the Board's objective when developing the definition of incremental borrowing rate for a lessee to refer as a starting point to a readily observable rate for a loan with a similar payment profile to that of the lease. The Committee concluded that the principles and requirements in IFRS 16 provide an adequate basis for a lessee to determine its incremental borrowing rate. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IFRS 16	Lease Term and Useful Life of Leasehold Improvements	The Committee received a request about cancellable or renewable leases. The cancellable lease described in the request is one that does not specify a particular contractual term but continues indefinitely until either party to the contract gives notice to terminate. The contract includes a notice period of, for example, less than 12 months and the contract does not oblige either party to make a payment on termination. The renewable lease described in the request is one that specifies an initial period, and renews indefinitely at the end of the initial period unless terminated by either of the parties to the contract. The request asked two questions: a. how to determine the lease term of a cancellable lease or a renewable lease. Specifically, the request asked whether, when applying paragraph B34 of IFRS 16 and assessing 'no more than an insignificant penalty', an entity considers the	Nov-19

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		broader economics of the contract, and not only contractual termination payments. Such considerations might include, for example, the cost of abandoning or dismantling leasehold improvements. b. whether the useful life of any related non-removable leasehold improvements is limited to the lease term determined applying IFRS 16. Non-removable leasehold improvements are, for example, fixtures and fittings acquired by the lessee and constructed on the underlying asset that is the subject of the cancellable or renewable lease. The lessee will use and benefit from the leasehold improvements only for as long as it uses the underlying asset. Lease term Paragraph 18 of IFRS 16 requires an entity to determine the lease term as the noncancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. In determining the lease term and assessing the length of the non-cancellable period of a lease, paragraph B34 of IFRS 16 requires an entity to determine the period for which the contract is enforceable. Paragraph B34 specifies that 'a lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty'. Paragraph BC156 sets out the Board's view that 'the lease term should reflect an entity's reasonable expectation of the period during which the underlying asset will be used because that approach provides the most useful information'. The Committee observed that, in applying paragraph B34 and determining the enforceable period of the lease described in the request, an entity considers: (a) the broader economics of the contract, and not only contractual termination payments. For example, if either party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is enforceable beyond the date on which the contract can be terminated; and (b) whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. Applying paragraph B34, a lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the contract is enforceable beyond the date on which the contract can be terminated by that party. If an entity concludes that the contract is enforceable beyond the notice period of a cancellable lease (or the initial period of a renewable lease), it then applies paragraphs 19 and B37–B40 of IFRS 16 to assess whether the lessee is reasonably certain not to exercise the option to terminate the lease. Useful life of non-removable leasehold improvements Paragraph 50 of IAS 16 requires an item of property, plant and equipment (asset) to be depreciated over its useful life.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		IAS 16 defines the useful life of an asset as (emphasis added) ‘the period over which an asset is expected to be available for use by an entity; or the number of production or similar units expected to be obtained from the asset by an entity’. Paragraphs 56 and 57 of IAS 16 provide further requirements on the useful life of an asset. In particular, paragraph 56(d) specifies that in determining the useful life of an asset, an entity considers any ‘legal or similar limits on the use of the asset, such as the expiry dates of related leases’. Paragraph 57 specifies that the useful life of an asset ‘is defined in terms of the asset’s expected utility to the entity’, and ‘may be shorter than its economic life’. An entity applies paragraphs 56–57 of IAS 16 in determining the useful life of nonremovable leasehold improvements. If the lease term of the related lease is shorter than the economic life of those leasehold improvements, the entity considers whether it expects to use the leasehold improvements beyond that lease term. If the entity does not expect to use the leasehold improvements beyond the lease term of the related lease then, applying paragraph 57 of IAS 16, it concludes that the useful life of the on removable leasehold improvements is the same as the lease term. The Committee observed that, applying paragraphs 56–57 of IAS 16, an entity might often reach this conclusion for leasehold improvements that the entity will use and benefit from only for as long as it uses the underlying asset in the lease. Interaction between lease term and useful life In assessing whether a lessee is reasonably certain to extend (or not to terminate) a lease, paragraph B37 of IFRS 16 requires an entity to consider all relevant facts and circumstances that create an economic incentive for the lessee. This includes significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract that are expected to have significant economic benefit for the lessee when an option to extend or terminate the lease becomes exercisable (paragraph B37(b)). In addition, as noted above an entity considers the broader economics of the contract when determining the enforceable period of the lease described in the request. This includes, for example, the costs of abandoning or dismantling non-removable leasehold improvements. If an entity expects to use non-removable leasehold improvements beyond the date on which the contract can be terminated, the existence of those leasehold improvements indicates that the entity might incur a more than insignificant penalty if it terminates the lease. Consequently, applying paragraph B34 of IFRS 16, an entity considers whether the contract is enforceable for at least the period of expected utility of the leasehold improvements. The Committee concluded that the principles and requirements in IFRS 16 provide an adequate basis for an entity to determine the lease term of cancellable and renewable leases. The Committee also concluded that the principles and requirements in IAS 16 and IFRS 16 provide an adequate basis for an entity to determine the useful life of any nonremovable leasehold improvements relating to such a lease. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IFRS 16	Definition of a Lease-Decision-making rights	The Committee received a request about whether the customer has the right to direct the use of a ship throughout the five-year term of a contract. In the fact pattern described in the request:	Jan-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		(a) there is an identified asset (the ship) applying paragraphs B13–B20 of IFRS 16. (b) the customer has the right to obtain substantially all the economic benefits from use of the ship throughout the five-year period of use applying paragraphs B21–B23 of IFRS 16. (c) many, but not all, decisions about how and for what purpose the ship is used are predetermined in the contract. The customer has the right to make the remaining decisions about how and for what purpose the ship is used throughout the period of use. In the fact pattern described in the request, the customer has determined that this decision-making right is relevant because it affects the economic benefits to be derived from use of the ship. (d) the supplier operates and maintains the ship throughout the period of use. The right to direct the use of an identified asset Paragraph B24 of IFRS 16 specifies when a customer has the right to direct the use of an identified asset throughout the period of use. Paragraph B24(b) applies only when the relevant decisions about how and for what purpose the asset is used are predetermined. The Board noted in paragraph BC121 of IFRS 16 that 'it would expect decisions about how and for what purpose an asset is used to be predetermined in relatively few cases'. The Committee observed that, in the fact pattern described in the request, because not all relevant decisions about how and for what purpose the ship is used are predetermined, the customer considers paragraph B24(a) of IFRS 16 in assessing whether it has the right to direct the use of the ship. The right to direct how and for what purpose an asset is used Paragraph B24(a) specifies that a customer has the right to direct the use of an identified asset throughout the period of use if it has 'the right to direct how and for what purpose the asset is used throughout the period of use (as described in paragraphs B25–B30)'. To have the right to direct how and for what purpose the asset is used, within the scope of its right of use defined in the contract, the customer must be able to change how and for what purpose the asset is used throughout the period of use (paragraph B25). In assessing whether that is the case, an entity considers rights to make decisions during the period of use that are most relevant to changing how and for what purpose the asset is used throughout that period. Decision-making rights are relevant when they affect the economic benefits to be derived from use (paragraph B25). An entity does not consider decisions that are predetermined before the period of use unless the conditions in paragraph B24(b)(ii) exist (paragraph B29). Paragraph B26 includes examples of decision-making rights that, depending on the circumstances, grant the right to change how and for what purpose the asset is used. Rights limited to operating or maintaining the asset do not grant the right to change how and for what purpose it is used (paragraph B27). The Committee observed that, in the fact pattern described in the request, the customer has the right to direct how and for what purpose the ship is used throughout the period of use. The customer has the right to make decisions about the use of the ship	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		during the period of use that affect the economic benefits to be derived from that use. Therefore, within the scope of its right of use defined in the contract, the customer can change how and for what purpose the ship is used. The predetermination in the contract of many decisions about how and for what purpose the ship is used defines the scope of the customer's right of use—within that scope, the customer has the right to make the decisions that are most relevant to changing how and for what purpose the ship is used. The Committee also observed that, although the operation and maintenance of the ship are essential to its efficient use, the supplier's decisions in this regard do not give it the right to direct how and for what purpose the ship is used. The Committee concluded that, in the fact pattern described in the request, the customer has the right to direct the use of the ship throughout the period of use. Consequently, the contract contains a lease. The Committee concluded that the principles and requirements in IFRS 16 provide an adequate basis for an entity to determine whether the contract described in the request contains a lease. The Committee therefore decided not to add the matter to its standard-setting agenda.	
IFRS 16	Sale and Leaseback with Variable Payments	The Committee received a request about a sale and leaseback transaction with variable payments. In the transaction described in the request: (a) an entity (seller-lessee) enters into a sale and leaseback transaction whereby it transfers an item of property, plant and equipment (PPE) to another entity (buyer-lessor) and leases the asset back for five years. (b) the transfer of the PPE satisfies the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale of the PPE. The amount paid by the buyer-lessor to the seller-lessee in exchange for the PPE equals the PPE's fair value at the date of the transaction. (c) payments for the lease (which are at market rates) include variable payments, calculated as a percentage of the seller-lessee's revenue generated using the PPE during the five-year lease term. The seller-lessee has determined that the variable payments are not in-substance fixed payments as described in IFRS 16. The request asked how, in the transaction described, the seller-lessee measures the right-of-use asset arising from the leaseback, and thus determines the amount of any gain or loss recognised at the date of the transaction. The Committee observed that the requirements applicable to the transaction described in the request are in paragraph 100 of IFRS 16. Paragraph 100 states that 'if the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset: (a) the seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. ...'. Consequently, to measure the right-of-use asset arising from the leaseback, the seller-lessee determines the proportion of the PPE transferred to the buyer-lessor that relates to the right of use retained—it does so by comparing, at the date of the transaction, the right of use it retains via the leaseback to the rights comprising the entire PPE. IFRS 16 does not prescribe a	Jun-20

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		method for determining that proportion. In the transaction described in the request, the seller-lessee could determine the proportion by comparing, for example, (a) the present value of expected payments for the lease (including those that are variable), with (b) the fair value of the PPE at the date of the transaction. The gain or loss the seller-lessee recognises at the date of the transaction is a consequence of its measurement of the right-of-use asset arising from the leaseback. Because the right of use the seller-lessee retains is not remeasured as a result of the transaction (it is measured as a proportion of the PPE's previous carrying amount), the amount of the gain or loss recognised relates only to the rights transferred to the buyer-lessor. Applying paragraph 53(i) of IFRS 16, the seller-lessee discloses gains or losses arising from sale and leaseback transactions. The seller-lessee also recognises a liability at the date of the transaction, even if all the payments for the lease are variable and do not depend on an index or rate. The initial measurement of the liability is a consequence of how the right-of-use asset is measured—and the gain or loss on the sale and leaseback transaction determined—applying paragraph 100(a) of IFRS 16. Illustrative example Seller-lessee enters into a sale and leaseback transaction whereby it transfers an asset (PPE) to Buyer-lessor, and leases that PPE back for five years. The transfer of the PPE satisfies the requirements in IFRS 15 to be accounted for as a sale of the PPE. The carrying amount of the PPE in Seller-lessee's financial statements at the date of the transaction is CU1,000,000, and the amount paid by Buyer-lessor for the PPE is CU1,800,000 (the fair value of the PPE at that date). All the payments for the lease (which are at market rates) are variable, calculated as a percentage of Seller-lessee's revenue generated using the PPE during the five-year lease term. At the date of the transaction, the present value of the expected payments for the lease is CU450,000. There are no initial direct costs. Seller-lessee determines that it is appropriate to calculate the proportion of the PPE that relates to the right of use retained using the present value of expected payments for the lease. On this basis, the proportion of the PPE that relates to the right of use retained is 25%, calculated as CU450,000 (present value of expected payments for the lease) ÷ CU1,800,000 (fair value of the PPE). Consequently, the proportion of the PPE that relates to the rights transferred to Buyer-lessor is 75%, calculated as (CU1,800,000 – CU450,000) ÷ CU1,800,000. Applying paragraph 100(a), Seller-lessee: (a) measures the right-of-use asset at CU250,000, calculated as CU1,000,000 (previous carrying amount of the PPE) × 25% (proportion of the PPE that relates to the right of use it retains). (b) recognises a gain of CU600,000 at the date of the transaction, which is the gain that relates to the rights transferred to Buyer-lessor. This gain is calculated as CU800,000 (total gain on sale of the PPE (CU1,800,000 – CU1,000,000)) × 75% (proportion of the PPE that relates to rights transferred to Buyer-lessor).	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Applying paragraph 100(a), the right-of-use asset would not be measured at zero at the date of the transaction because zero would not reflect the proportion of the previous carrying amount of the PPE (CU1,000,000) that relates to the right of use retained by Seller-lessee. At the date of the transaction, Seller-lessee accounts for the transaction as follows: Dr. Cash CU1,800,000 Dr. Right-of-use asset CU250,000 Cr. PPE CU1,000,000 Cr. Liability CcU450,000 Cr. Gain on rights transferred CU600,000 The Committee concluded that the principles and requirements in IFRS 16 provide an adequate basis for an entity to determine, at the date of the transaction, the accounting for the sale and leaseback transaction described in the request. Consequently, the Committee decided not to add the matter to its standard-setting agenda.	
IFRS 16	Non-refundable Value Added Tax on Lease Payments	The Committee received a request about how a lessee accounts for any non-refundable value added tax (VAT) charged on lease payments. In the fact pattern described in the request: a) the lessee operates in a jurisdiction in which VAT is charged on goods and services. A seller includes VAT in an invoice for payment issued to a purchaser. In the case of leases, VAT is charged when an invoice for payment is issued by a lessor to a lessee. I. the applicable legislation: II. requires a seller to collect VAT and remit it to the government; and b) generally allows a purchaser to recover from the government VAT charged on payments for goods or services, including leases. c) because of the nature of its operations, the lessee can recover only a portion of the VAT charged on purchased goods or services. This includes VAT charged on payments it makes for leases. Consequently, a portion of the VAT the lessee pays is non-refundable. d) lease agreements require the lessee to make payments to the lessor that include amounts related to VAT charged in accordance with the applicable legislation. The request asked whether, in applying IFRS 16, the lessee includes non-refundable VAT as part of the lease payments for a lease.	Oct-21

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Outreach conducted by the Committee and comment letters on the Committee's tentative agenda decision provided limited evidence: a) that non-refundable VAT on lease payments is material to affected lessees; and b) of diversity in the way lessees in similar circumstances account for non-refundable VAT on lease payments. The Committee has therefore not received evidence that the matter has widespread effect and has, or is expected to have, a material effect on those affected. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 16	Economic Benefits from Use of a Windfarm	The Committee received a request about whether, applying paragraph B9(a) of IFRS 16, an electricity retailer (retailer) has the right to obtain substantially all the economic benefits from use of a windfarm throughout the term of an agreement with a windfarm generator (supplier). In the fact pattern described in the request: a) the retailer and supplier are registered participants in an electricity market, in which customers and suppliers are unable to enter into contracts directly with each other for the purchase and sale of electricity. Instead, customers and suppliers make such purchases and sales via the market's electricity grid, the spot price for which is set by the market operator. The retailer therefore purchases electricity from the grid. b) the retailer enters into an agreement with the supplier. The agreement: I. swaps the spot price per megawatt of electricity the windfarm supplies to the grid during the 20-year term of the agreement for a fixed price per megawatt, and is settled net in cash. In effect, the supplier receives a fixed price per megawatt for the electricity it supplies to the grid during the period of the agreement and the retailer settles with the supplier the difference between that fixed price and the spot prices per megawatt for that volume of electricity. II. transfers to the retailer all renewable energy credits that accrue from use of the windfarm. Paragraph 9 of IFRS 16 states that 'a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration'. To control the use of an identified asset for a period of time, the customer—throughout the period of use—must have both the right to obtain substantially all the economic benefits from use of the identified asset and the right to direct the use of that asset (paragraph B9 of IFRS 16). Paragraph B21 of IFRS 16 specifies that 'a customer can obtain economic benefits from use of an asset directly or indirectly in many ways, such as by using, holding or sub-leasing the asset. The economic benefits from use of an asset include its primary output and by-products (including potential cash flows derived from these items), and other economic benefits from using the asset that could be realised from a commercial transaction with a third party'. The Committee observed that, in the fact pattern described in the request, the economic benefits from use of the windfarm include the electricity it produces (as its primary output) and the renewable energy credits (as a by-product or other economic benefit from use of the windfarm).	Dec-21

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The agreement results in the retailer settling with the supplier the difference between the fixed price and the spot prices per megawatt of electricity the windfarm supplies to the grid throughout the 20-year term of the agreement. That agreement, however, conveys neither the right nor the obligation for the retailer to obtain any of the electricity the windfarm produces and supplies to the grid. Although the retailer has the right to obtain the renewable energy credits (which represent a portion of the economic benefits from use of the windfarm), the retailer does not have the right to obtain substantially all the economic benefits from use of the windfarm because it has no right to obtain any of the electricity the windfarm produces throughout the period of the agreement. The Committee therefore concluded that, in the fact pattern described in the request, the retailer does not have the right to obtain substantially all the economic benefits from use of the windfarm. Consequently, the agreement does not contain a lease. The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity that enters into an agreement as described in the request to assess whether it has the right to obtain substantially all the economic benefits from use of an identified asset. Consequently, the Committee decided not to add a standard-setting project to the work plan. In considering the request, the Committee noted two other agenda decisions that include explanatory material that may be relevant to the agreement described in this request: a) the Agenda Decision Meaning of delivery (IFRS 9 Financial Instruments) (August 2005); and b) for entities applying the hedge accounting requirements in IFRS 9 or IAS 39 Financial Instruments: Recognition and Measurement, the Agenda Decision Application of the Highly Probable Requirement when a Specific Derivative is Designated as a Hedging Instrument (IFRS 9 and IAS 39) (March 2019).	
IFRS 16 / IFRS 9	IFRS 9 Financial Instruments and IFRS 16 Leases – Lessor Forgiveness of Lease Payments	See IFRS 9 – click left to access	Oct-22
IFRS 16	Definition of a Lease – Substitution Rights	The Committee received a request about how to assess whether a contract contains a lease. The request asked about: a) the level at which to evaluate whether a contract contains a lease – by considering each asset separately or all assets together – when the contract is for the use of more than one similar asset; and b) how to assess whether a contract contains a lease applying IFRS 16 when the supplier has particular substitution rights – ie the supplier: i. has the practical ability to substitute alternative assets throughout the period of use; but ii. would not benefit economically from the exercise of its right to substitute the asset throughout the period of use. The definition of a lease	Apr-23

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph 9 of IFRS 16 states that 'a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration'. Applying paragraph B9 of IFRS 16, for a contract to meet the definition of a lease the customer must have both: a) the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use; and b) the right to direct the use of the identified asset throughout the period of use. The period of use is 'the total period of time that an asset is used to fulfil a contract with a customer (including any non-consecutive periods of time)' (Appendix A to IFRS 16). Paragraph B12 of IFRS 16 states that 'an entity shall assess whether a contract contains a lease for each potential separate lease component' and directs an entity to paragraph B32 of IFRS 16 for application guidance on separate lease components. Paragraph B32 specifies that the right to use an underlying asset is a separate lease component if both: a) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; and b) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. Identified asset The first requirement for a contract to meet the definition of a lease is that a customer controls the use of an identified asset. Paragraphs B13–B20 of IFRS 16 provide application guidance on an identified asset. Paragraph B13 states that 'an asset is typically identified by being explicitly specified in a contract. However, an asset can also be identified by being implicitly specified at the time that the asset is made available for use by the customer'. But 'even if an asset is specified, a customer does not have the right to use an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use' (paragraph B14). In that case, the supplier – rather than the customer – controls the use of the asset. Consequently, there is no identified asset; the contract does not contain a lease. For a substitution right to be substantive, paragraph B14 states that both of the following conditions must exist: a) the supplier has the practical ability to substitute alternative assets throughout the period of use (for example, the customer cannot prevent the supplier from substituting the asset and alternative assets are readily available to the supplier or could be sourced by the supplier within a reasonable period of time); and b) the supplier would benefit economically from the exercise of its right to substitute the asset (ie the economic benefits associated with substituting the asset are expected to exceed the costs associated with substituting the asset).	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph B16 states that ‘an entity’s evaluation of whether a supplier’s substitution right is substantive [...] shall exclude consideration of future events that, at inception of the contract, are not considered likely to occur’. Paragraphs B15–B18 specify requirements that mean, in each of the following situations, a supplier’s substitution right is not substantive (or the customer is not precluded from having the right to use an identified asset): a) the supplier has a right or an obligation to substitute the asset only on or after either a particular date or the occurrence of a specified event; b) the supplier would benefit economically from the exercise of its right only on the occurrence of a future event that, at inception of the contract, is not considered likely to occur; or c) the supplier has a right or an obligation to substitute the asset only for repairs and maintenance, if the asset is not operating properly or if a technical upgrade becomes available. Paragraph B17 notes that the costs of substitution are more likely to exceed the associated benefits when the asset is located at the customer’s premises or elsewhere. Paragraphs BC112–BC115 of the Basis for Conclusions on IFRS 16 explain the IASB’s rationale in developing the requirements on substitution rights. Paragraph BC113 states that ‘the IASB’s intention in including [these requirements] is to differentiate between: a) substitution rights that result in there being no identified asset because the supplier, rather than the customer, controls the use of an asset; and b) substitution rights that do not change the substance or character of the contract because it is not likely, or practically or economically feasible, for the supplier to exercise those rights’. Paragraph BC113 goes on to explain that, at the time of developing IFRS 16, the IASB was of the view ‘that, in many cases, it will be clear that the supplier would not benefit from the exercise of a substitution right because of the costs associated with substituting an asset’. Paragraph B19 requires the customer to presume that a supplier’s substitution right is not substantive if the customer cannot readily determine whether the supplier has a substantive substitution right. Paragraph BC115 notes: a) the requirement in paragraph B19 responds to stakeholders concerns that ‘in some cases it would be difficult, if not impossible, for a customer to determine whether a supplier’s substitution right is substantive’. b) ‘if substitution rights are substantive, then the IASB thinks that this would be relatively clear from the facts and circumstances’. Consequently, the Committee observed that the requirements in paragraphs B13–B19 set a high hurdle for a customer to conclude that there is no identified asset when an asset is explicitly or implicitly specified.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee also observed that determining whether a supplier's right to substitute an asset is substantive throughout the period of use, as required by paragraph B14, requires judgement. Paragraph B14(a) specifies that a supplier has the practical ability to substitute alternative assets throughout the period of use even if the supplier does not already have alternative assets but could source those assets within a reasonable period of time. This illustrates that the term 'throughout the period of use' does not mean at all times within that period. Applying the requirements in IFRS 16 to the fact pattern described in the request In the fact pattern described in the request: a) a customer enters into a 10-year contract with a supplier for the use of 100 similar new assets – batteries used in electric buses. The customer uses each battery together with other resources readily available to it (each battery is used in a bus that the customer owns or leases from a party unrelated to the supplier). b) it is assumed that the supplier has the practical ability to substitute alternative assets throughout the contract term such that the condition in paragraph B14(a) exists. c) if a battery were to be substituted, the supplier would be required to compensate the customer for any revenue lost or costs incurred while the substitution takes place. Whether substitution is economically beneficial for the supplier at a point in time depends on both the amount of compensation payable to the customer and the condition of the battery. d) at inception of the contract, it is expected that the supplier would not benefit economically from substituting a battery that has been used for less than three years but could benefit economically from substituting a battery that has been used for three years or more. The level at which to evaluate whether a contract contains a lease In the fact pattern described in the request: a) the customer is able to benefit from use of each asset (a battery) together with other resources (a bus) available to it; and b) each battery is neither highly dependent on, nor highly interrelated with, the other batteries in the contract. Therefore, the Committee concluded that, in the fact pattern described in the request, applying paragraph B12, the customer assesses whether the contract contains a lease – including evaluating whether the supplier's substitution right is substantive – for each potential separate lease component, ie for each battery. Identified asset In the fact pattern described in the request, each battery is specified. Even if not explicitly specified in the contract, a battery would be implicitly specified at the time it is made available for the customer's use. Therefore, the Committee observed that, unless the supplier has the substantive right to substitute the battery throughout the period of use, each battery is an identified asset.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		In the fact pattern described in the request, the condition in paragraph B14(a) – the supplier has the practical ability to substitute alternative assets throughout the period of use – is assumed to exist. The Committee observed, however, that because the supplier is not expected to benefit economically from exercising its right to substitute a battery for at least the first three years of the contract, the condition in paragraph B14(b) does not exist throughout the period of use. Therefore, the supplier does not have the substantive right to substitute a battery throughout the period of use. While determining whether a supplier's substitution right is substantive throughout the period of use can require judgement, the Committee observed that the facts and circumstances in this fact pattern are such that it is clear that the supplier's right is not substantive throughout that period. The Committee's conclusion The Committee concluded that, in the fact pattern described in the request, each battery is an identified asset. To assess whether the contract contains a lease, the customer would then apply the requirements in paragraphs B21–B30 of IFRS 16 to assess whether, throughout the period of use, it has the right to obtain substantially all the economic benefits from use, and direct the use, of each battery. If the customer concludes that the contract contains a lease, it would apply the requirements in paragraphs 18–21 of IFRS 16 to determine the lease term. The Committee concluded that the principles and requirements in IFRS 16 provide an adequate basis for an entity to evaluate the level at which to assess whether the contract contains a lease and whether there is an identified asset in the fact pattern described in the request. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 16	Economic Benefits from Use of a Battery under an Offtake Arrangement	The Committee received requests about how an entity applies the requirements in paragraph B9(a) of IFRS 16—specifically, how an entity determines whether a customer has the right to obtain substantially all of the economic benefits from use of an identified asset. The requests illustrate the question by describing a fact pattern involving a battery offtake arrangement. Fact pattern In the fact pattern described in the requests, a battery owner and an electricity retailer are registered participants in a gross pool electricity market. The battery owner and the electricity retailer enter into a battery offtake arrangement. Under the terms and conditions of the offtake arrangement, the battery owner retains custody of the battery but is contractually obliged to operate it in accordance with the electricity retailer's instructions, which cover 100% of the capacity of the battery; the battery cannot be substituted. The electricity retailer's instructions would typically specify whether and when the battery owner charges and discharges the battery. The electricity retailer can instruct the battery owner to charge and discharge the battery throughout the period of use (including multiple times during each day). In a gross pool electricity market, settlement of electricity transactions requires a single registered participant to transact with the market operator. As the battery owner is the registered participant, transactions occurring under the offtake arrangement are settled as follows:	Apr-26

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) the electricity retailer pays a fixed amount to the battery owner over the period of the contract for the right to use the battery. This fixed amount reflects the size of the battery and the period of use and is payable regardless of whether the battery is charged or discharged. b) the battery owner operates the battery according to the electricity retailer's instructions by buying and selling electricity and settles those transactions with the market operator. In accordance with the gross pool market structure, all transactions with the market operator occur at the spot price. The battery owner pays all resulting cash flows to (or receives all resulting cash flows from) the electricity retailer. c) the battery owner and the electricity retailer settle transactions in (a) and (b) periodically, net in cash. Paragraph 9 of IFRS 16 states that 'a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration'. Applying paragraph B9 of IFRS 16, to assess whether a contract conveys the right to control the use of an identified asset for a period of time an entity assesses whether, throughout the period of use, the customer has both: a) the right to obtain substantially all of the economic benefits from use of the identified asset; and b) the right to direct the use of that asset. The fact pattern described in the requests assumes that the electricity retailer has the right to direct the use of the battery (paragraph B9(b) of IFRS 16). The requests ask whether, under the offtake arrangement, the electricity retailer has the right to obtain substantially all of the economic benefits from use of the battery (paragraph B9(a) of IFRS 16). Applying IFRS 16 to the fact pattern In determining whether it has the right to obtain substantially all of the economic benefits from use of an identified asset (paragraph B9(a) of IFRS 16) and the right to direct the use of that asset (paragraph B9(b) of IFRS 16), an entity considers the terms and conditions of the contract and all relevant facts and circumstances. <i>Does the electricity retailer have the right to obtain substantially all of the economic benefits from use of the battery (paragraph B9(a) of IFRS 16)?</i> Paragraph B21 of IFRS 16 specifies that 'a customer can obtain economic benefits from use of an asset directly or indirectly in many ways, such as by using, holding or subleasing the asset. The economic benefits from use of an asset include its primary output and by-products (including potential cash flows derived from these items), and other economic benefits from using the asset that could be realised from a commercial transaction with a third party.' The Committee observed that, in the fact pattern described in the requests, the economic benefits from use of the battery are derived from its storage capability and capacity. The battery is used to store, and then release, electricity—and not to produce electricity.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee also observed that the battery offtake arrangement provides the electricity retailer with the economic benefits derived from the battery storage because the electricity retailer has the exclusive right: a) to use the entire capacity of the battery throughout the period of use (for the duration of the arrangement); and b) to direct the battery owner as to whether, when and by how much to charge and discharge the battery. Therefore, applying paragraph B21 of IFRS 16 to the fact pattern, the Committee concluded that the electricity retailer has the right to obtain substantially all of the economic benefits from use of the battery. <i>Does the electricity retailer have the right to direct the use of the battery (paragraph B9(b) of IFRS 16)?</i> The fact pattern described in the requests assumes that the electricity retailer has the right to direct the use of the battery. Therefore, the Committee did not analyse the application of paragraph B9(b) of IFRS 16 to the fact pattern. Conclusion The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an electricity retailer, as the customer in a battery offtake arrangement as described in the requests, to determine whether it has the right to obtain substantially all of the economic benefits from use of the battery. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
Click here to return to top of the table			
IFRS 17	IFRS 17 Insurance Contracts – Transfer of Insurance Coverage under a Group of Annuity Contracts	The Committee received a request about a group of annuity contracts. The request asked how an entity determines the amount of the contractual service margin to recognise in profit or loss in a period because of the transfer of insurance coverage for survival in that period. Fact pattern The request described a group of annuity contracts under which the policyholder of each contract: a) pays the premium up front and has no right to cancel the contract or seek a refund; b) receives a periodic payment from the start of the annuity period for as long as the policyholder survives (for example, a fixed amount of CU100 for each year that the policyholder survives); and c) receives no other services under the contract (for example, no other types of insurance coverage or investment-return service).	Jul-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date				
		The fact pattern referred to groups of contracts for which the annuity period starts immediately after contract inception ('immediate annuity') and also those for which the annuity period starts on a specified date after contract inception ('deferred annuity')—for example, a contract entered into in 2022 for which the annuity period starts in 2042. Applicable requirements in IFRS 17 Paragraph 44(e) of IFRS 17 requires an entity to adjust the carrying amount of the contractual service margin for the amount recognised as insurance revenue because of the transfer of insurance contract services in the period. The entity determines this amount by allocating the contractual service margin over the current and remaining coverage period applying paragraph B119 of IFRS 17. Paragraph B119 of IFRS 17 states that an entity recognises in profit or loss in each period an amount of the contractual service margin to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by: a) identifying the coverage units in the group. The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period. b) allocating the contractual service margin at the end of the period equally to each coverage unit provided in the current period and expected to be provided in the future. c) recognising in profit or loss the amount allocated to coverage units provided in the period. The definition of insurance contract services in Appendix A to IFRS 17 describes insurance coverage as 'coverage for an insured event'. An insured event is defined as 'an uncertain future event covered by an insurance contract that creates insurance risk'. Methods for applying the requirements to the fact pattern The request sets out two methods of determining, for each contract in the group, the quantity of the benefits of insurance coverage provided in the current period and expected to be provided in the future. <i>Method 1</i> <table><tr><th><i>Current period</i></th><th><i>Expected to be provided in the future</i></th></tr><tr><td>Determined based on the annuity payment the policyholder is able to validly claim in the current period.</td><td>Determined based on the present value of the annuity payments the policyholder is expected to be able to validly claim in the future until the end of the coverage period (the balance of the expected future annuity payments as at the end of the current period).</td></tr></table>	<i>Current period</i>	<i>Expected to be provided in the future</i>	Determined based on the annuity payment the policyholder is able to validly claim in the current period.	Determined based on the present value of the annuity payments the policyholder is expected to be able to validly claim in the future until the end of the coverage period (the balance of the expected future annuity payments as at the end of the current period).	
<i>Current period</i>	<i>Expected to be provided in the future</i>						
Determined based on the annuity payment the policyholder is able to validly claim in the current period.	Determined based on the present value of the annuity payments the policyholder is expected to be able to validly claim in the future until the end of the coverage period (the balance of the expected future annuity payments as at the end of the current period).						

IFRS	Title	Issue and reason for not adding to the agenda	Decision date				
		<i>Method 2</i> <table><tr><td><i>Current period</i></td><td><i>Expected to be provided in the future</i></td></tr><tr><td>Determined based on the total of: (i) the annuity payment the policyholder is able to validly claim in the current period, and (ii) the present value of the annuity payments the policyholder is expected to be able to validly claim in the future until the end of the coverage period (the balance of the expected future annuity payments as at the end of the current period).</td><td>Determined based on the present value of the balances of the expected future annuity payments as at the beginning of each future period, until the end of the coverage period.</td></tr></table>	<i>Current period</i>	<i>Expected to be provided in the future</i>	Determined based on the total of: (i) the annuity payment the policyholder is able to validly claim in the current period, and (ii) the present value of the annuity payments the policyholder is expected to be able to validly claim in the future until the end of the coverage period (the balance of the expected future annuity payments as at the end of the current period).	Determined based on the present value of the balances of the expected future annuity payments as at the beginning of each future period, until the end of the coverage period.	
<i>Current period</i>	<i>Expected to be provided in the future</i>						
Determined based on the total of: (i) the annuity payment the policyholder is able to validly claim in the current period, and (ii) the present value of the annuity payments the policyholder is expected to be able to validly claim in the future until the end of the coverage period (the balance of the expected future annuity payments as at the end of the current period).	Determined based on the present value of the balances of the expected future annuity payments as at the beginning of each future period, until the end of the coverage period.						

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		i. the policyholder has no right to claim an amount for surviving in periods before the start of the annuity period. The entity accepts insurance risk from inception of the contract but provides no benefits to the policyholder in the form of amounts that can be claimed until the annuity period starts. Paragraphs BC140–BC141 of the Basis for Conclusions on IFRS 17 explain that an entity can accept insurance risk before it is obliged to perform an insurance coverage service. ii. survival in one year does not provide the policyholder with the right to claim amounts that compensate the policyholder for surviving in future years; that is, the policyholder's right to claim amounts in future years is contingent on the policyholder surviving in those future years. The Committee's conclusion The Committee concluded that, in applying IFRS 17 to determine the quantity of the benefits of insurance coverage for survival provided under each annuity contract, a method based on: a) the amount of the annuity payment the policyholder is able to validly claim (Method 1) meets the principle in paragraph B119 of IFRS 17 of reflecting the insurance coverage provided in each period by: i. assigning a quantity of the benefits only to periods in which an insured event (survival of the policyholder) can occur, resulting in a policyholder having a right to make a valid claim; and ii. aligning the quantity of the benefits provided in a period with the amount the policyholder is able to validly claim if an insured event occurs in that period. b) the present value of expected future annuity payments (Method 2) does not meet the principle in paragraph B119 of IFRS 17 of reflecting the insurance coverage provided in each period because it would: i. assign a quantity of the benefits to periods in which no insured event occurs (for example, to the deferral period of a deferred annuity contract); and ii. misrepresent the quantity of the benefits provided in a period by considering amounts the policyholder is able to claim and benefit from only in future periods. The request asked only about the recognition of the contractual service margin in profit or loss. For the annuity contracts described in the request, the entity accepts insurance risk related to the uncertainty about how long the policyholder will survive. The Committee noted that the entity would apply other requirements in IFRS 17 to recognise in profit or loss—separately from the contractual service margin—the risk adjustment for non-financial risk. The risk adjustment for non-financial risk represents the compensation the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The Committee did not discuss these other requirements. Under a group of annuity contracts, an entity could provide other insurance contract services to policyholders in addition to insurance coverage for survival—for example, insurance coverage for death in a deferral period or an investment-return service. The conclusion in this agenda decision applies to insurance coverage for survival, regardless of other services provided. If the contracts provide other insurance contract services, the entity would also need to consider the pattern of transfer of these services to the policyholder.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an issuer of a group of annuity contracts as described in the request to determine the amount of the contractual service margin to recognise in profit or loss in a period because of the transfer of insurance coverage for survival in that period. Consequently, the Committee decided not to add a standard setting project to the work plan.	
IFRS 17 / IAS 21	IFRS 17 Insurance Contracts and IAS 21 The Effects of Changes in Foreign Exchange Rates – Multi-currency Groups of Insurance Contracts	The Committee received a request about how an entity accounts for insurance contracts with cash flows in more than one currency. The request asked: a) whether an entity considers currency exchange rate risks when applying IFRS 17 to identify portfolios of insurance contracts; and b) how an entity applies IAS 21 in conjunction with IFRS 17 in measuring a group of insurance contracts with cash flows in more than one currency (a multi-currency group of insurance contracts). Identifying portfolios of insurance contracts IFRS 17 requires an entity to recognise and measure groups of insurance contracts. The first step in establishing groups of insurance contracts is to identify portfolios of insurance contracts. Paragraph 14 of IFRS 17 states that ‘a portfolio comprises contracts subject to similar risks and managed together’. The request asks whether currency exchange rate risks are among the risks an entity considers when assessing whether insurance contracts are ‘subject to similar risks’. IFRS 17 defines financial risk and insurance risk (a non-financial risk). Financial risk is defined to include ‘the risk of a possible future change in ... [a] currency exchange rate’. When IFRS 17 requires an entity to consider or reflect only particular types of risk (for example, only non-financial risk), it explicitly refers to the risks to be considered or reflected. Therefore, the Committee concluded that, because paragraph 14 of IFRS 17 refers to ‘similar risks’ without specifying any particular types of risk, an entity is required to consider all risks—including currency exchange rate risks—when identifying portfolios of insurance contracts. However, ‘similar risks’ does not mean ‘identical risks’. Therefore, an entity could identify portfolios of contracts that include contracts subject to different currency exchange rate risks. The Committee observed that what an entity considers to be ‘similar risks’ will depend on the nature and extent of the risks in the entity’s insurance contracts. Measuring a multi-currency group of insurance contracts An entity measures a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. Paragraph 30 of IFRS 17 states that ‘when applying IAS 21 ... to a group of insurance contracts that generate cash flows in a foreign currency, an entity shall treat the group of contracts, including the contractual service margin, as a monetary item’.	Oct-22

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Paragraph 8 of IAS 21 defines monetary items as ‘units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency’ and paragraph 20 describes a foreign currency transaction as ‘a transaction that is denominated or requires settlement in a foreign currency’. Paragraphs 21–24 of IAS 21 require an entity: a) to recognise on initial recognition a foreign currency transaction in the functional currency at the spot exchange rate at the date of the transaction; b) to determine the carrying amount of a monetary item in conjunction with other relevant IFRS Accounting Standards; and c) to translate at the end of the reporting period foreign currency monetary items into the functional currency using the closing rate. The requirements in both IFRS 17 and IAS 21 refer to transactions or items that are denominated or require settlement in a single currency. IFRS Accounting Standards include no explicit requirements on how to determine the currency denomination of transactions or items with cash flows in more than one currency. Therefore, the Committee observed that, in measuring a multi-currency group of insurance contracts, an entity: a) applies all the measurement requirements in IFRS 17 to the group of insurance contracts, including the requirement in paragraph 30 to treat the group—including the contractual service margin—as a monetary item. b) applies IAS 21 to translate at the end of the reporting period the carrying amount of the group—including the contractual service margin—into the entity’s functional currency at the closing rate (or rates). c) uses its judgement to develop and apply an accounting policy that determines on initial recognition the currency or currencies in which the group—including the contractual service margin—is denominated (currency denomination). The entity could determine that the group—including the contractual service margin—is denominated in a single currency or in the multiple currencies of the cash flows in the group. The entity develops an accounting policy on currency denomination that results in information that is relevant and reliable (as described in paragraph 10 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors) and is applied consistently for similar transactions, other events and conditions (paragraph 13 of IAS 8). The accounting policy is developed based on the entity’s specific circumstances and the terms of the contracts in the group. The entity cannot simply presume that the contractual service margin for the group is denominated in the functional currency. Such a presumption would, in effect, fail to treat the contractual service margin as a monetary item as required by paragraph 30 of IFRS 17. <i>Single-currency denomination versus multi-currency denomination</i> The entity’s accounting policy on currency denomination determines which effects of changes in exchange rates are changes in financial risk accounted for applying IFRS 17 and which of these effects are exchange differences accounted for applying IAS 21. A single-currency denomination treats:	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) changes in exchange rates between the currency of the cash flows and the currency of the group of contracts as changes in financial risk that an entity accounts for applying IFRS 17; and b) changes in exchange rates between the currency of the group of contracts and the functional currency as exchange differences that an entity accounts for applying IAS 21. A multi-currency denomination treats all changes in exchange rates as exchange differences that an entity accounts for applying IAS 21. In applying IFRS 17, there is a single contractual service margin for the group of insurance contracts. Appendix A to IFRS 17 defines the contractual service margin as representing 'the unearned profit the entity will recognise as it provides insurance contract services under the insurance contracts in the group.' Accordingly, under a multi-currency denomination, the entity would: a) assess whether the group of contracts is onerous considering the contractual service margin as a single amount. b) prevent the carrying amount of the contractual service margin being negative by, when necessary to do so, recognising a loss. c) determine the amount of the contractual service margin to recognise in profit or loss by applying a single method of determining the coverage units provided in the current period and expected to be provided in the future to the amounts denominated in the multiple currencies. This would result in the entity allocating each of the currency amounts of the contractual service margin translated into the functional currency equally to each coverage unit. Conclusion In the light of its analysis, the Committee considered whether to add to the work plan a standard-setting project on how to account for the foreign currency aspects of insurance contracts. The Committee observed that it has not obtained evidence that such a project would be sufficiently narrow in scope that the International Accounting Standards Board (IASB) or the Committee could address it in an efficient manner. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 17/IFRS 9	Premiums Receivable from an Intermediary	The Committee received requests about how an entity that issues insurance contracts (insurer) applies the requirements in IFRS 17 and IFRS 9 to premiums receivable from an intermediary. In the fact pattern described in the requests, an intermediary acts as a link between an insurer and a policyholder to arrange an insurance contract between them. The policyholder has paid in cash the premiums to the intermediary, but the insurer has not yet received in cash the premiums from the intermediary. The agreement between the insurer and the intermediary allows the intermediary to pay the premiums to the insurer at a later date. When the policyholder paid the premiums to the intermediary, the policyholder discharged its obligation under the insurance contract and the insurer is obliged to provide insurance contract services to the policyholder. If the intermediary fails to pay the	Oct-23

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		premiums to the insurer, the insurer does not have the right to recover the premiums from the policyholder, or to cancel the insurance contract. The requests asked whether, in the submitted fact pattern, the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract and included in the measurement of the group of insurance contracts applying IFRS 17 or are a separate financial asset applying IFRS 9. The requests set out two views. Under the first view (View 1), the insurer determines that the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract. Applying View 1, when the policyholder pays the premiums to the intermediary: a. for a group of contracts to which the premium allocation approach does not apply, the insurer continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and, applying IFRS 17, includes them in the measurement of the group of insurance contracts until recovered in cash; and b. for a group of contracts to which the premium allocation approach applies, the insurer does not increase the liability for remaining coverage—it does so only when it recovers the premiums in cash from the intermediary. Under the second view (View 2), because the payment by the policyholder discharges its obligation under the insurance contract, the insurer considers the right to receive premiums from the policyholder to be settled by the right to receive premiums from the intermediary. The insurer therefore determines that the premiums receivable from the intermediary are not future cash flows within the boundary of an insurance contract but, instead, a separate financial asset. Applying View 2, when the policyholder pays the premiums to the intermediary: a. for a group of contracts to which the premium allocation approach does not apply, the insurer removes the premiums from the measurement of the group of insurance contracts and, applying IFRS 9, recognises a separate financial asset; and b. for a group of contracts to which the premium allocation approach applies, the insurer increases the liability for remaining coverage and, applying IFRS 9, recognises a separate financial asset. Applying the requirements in IFRS Accounting Standards The Committee observed that IFRS 17 is the starting point for an insurer to consider how to account for its right to receive premiums under an insurance contract. Paragraph 33 of IFRS 17 requires an insurer to include in the measurement of a group of insurance contracts an estimate of all the future cash flows within the boundary of each contract in the group. Paragraph B65 explains that cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including premiums from a policyholder.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that paragraph B65 of IFRS 17 does not distinguish between premiums to be collected directly from a policyholder and premiums to be collected through an intermediary. In applying IFRS 17, premiums from a policyholder collected through an intermediary are therefore included in the measurement of a group of insurance contracts. Paragraph 34 of IFRS 17 specifies that cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services. In the fact pattern described in the requests, the insurer has not recovered the premiums in cash, but the policyholder has discharged its obligation under the insurance contract. The Committee observed that IFRS 17 is silent on whether future cash flows within the boundary of an insurance contract are removed from the measurement of a group of insurance contracts only when these cash flows are recovered or settled in cash. Therefore, the Committee observed that, in accounting for premiums receivable from an intermediary when payment by the policyholder discharges the policyholder's obligation under the insurance contract, an insurer develops and applies an accounting policy in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to determine when cash flows are removed from the measurement of a group of insurance contracts. The insurer could determine that cash flows are removed when the cash flows are recovered or settled in cash (View 1), or when the policyholder's obligation under the insurance contract is discharged (View 2). IFRS 17 and IFRS 9 deal differently with the measurement, presentation and disclosure of expected credit losses from premiums receivable from an intermediary. The Committee considered that, depending on which view (View 1 or View 2) an insurer applies, it is required to apply all the measurement and disclosure requirements in the applicable IFRS Accounting Standards. Therefore, an insurer applies either IFRS 17 (including paragraph 131, which requires disclosure of information about the credit risk that arises from contracts within the scope of IFRS 17) or IFRS 9 (and the requirements in IFRS 7 Financial Instruments: Disclosures) to premiums receivable from an intermediary. Conclusion In the light of its analysis, the Committee considered whether to add a standard-setting project on when cash flows are removed from the measurement of a group of insurance contracts to the work plan. The Committee noted that any such project would involve assessing whether changes to the Accounting Standards would have unintended consequences. This assessment may take considerable time and effort to complete because it would involve, among other steps, analysing a broad range of contracts (not only those set out in the fact pattern described in the requests). The Committee observed that the application of either View 1 or View 2 when accounting for premiums paid by a policyholder and receivable from an intermediary would provide users of financial statements with useful information based on the requirements in IFRS 17 or IFRS 9. Consequently, the Committee concluded that a project would not be sufficiently narrow in scope that the IASB or the Committee could address it in an efficient manner. The Committee therefore decided not to add a standard-setting project to the work plan.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IAS 37/ IFRS 9/ IFRS 15 /IFRS 17	IFRS 9 Financial Instruments , IFRS 15 Revenue from Contracts with Customers , IFRS 17 Insurance Contracts and IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Guarantees Issued on Obligations of Other Entities	Please use the link on the left to refer to IAS 37 section above	Apr-25
Click here to return to top of the table			
IFRS 18	Assessment of a Specified Main Business Activity for the Purposes of the Separate Financial Statements of a Parent	The Committee received a request about how a parent applying IFRS 18 assesses, for the purposes of its separate financial statements, whether it has a specified main business activity—in the fact pattern described in the request, a main business activity of investing in unconsolidated subsidiaries. Fact pattern In the fact pattern described in the request, the reporting entity is the ultimate parent of a large group of entities. Its only activities are holding investments in subsidiaries, making decisions on the management, acquisition and disposal of those subsidiaries and distributing returns on those investments to shareholders. The parent determines that it is not an investment entity as defined in IFRS 10 Consolidated Financial Statements. In its separate financial statements, the parent accounts for its investments in subsidiaries (hereafter referred to as investments in unconsolidated subsidiaries) at cost in accordance with paragraph 10(a) of IAS 27 Separate Financial Statements. The parent does not provide to its shareholders any segmental analysis or use any subtotals to explain its operating performance related to its separate financial statements. The parent also does not use such metrics for internal monitoring purposes. Shareholders are provided segmental analysis and subtotals as indicators of the consolidated group's operating performance. For the purposes of the group's consolidated financial statements, no specified main business activity is identified. The request asked whether the parent, for the purposes of its separate financial statements, has a specified main business activity—specifically, a main business activity of investing in unconsolidated subsidiaries. In accordance with IFRS 18, the parent would classify income and expenses from those investments in subsidiaries (which are accounted for at cost) in its statement of profit or loss:	Apr-26

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		a) in the operating category if it concludes that it has a main business activity of investing in unconsolidated subsidiaries; and b) in the investing category if it concludes that it does not have a main business activity of investing in unconsolidated subsidiaries. Applicable requirements Paragraph 52 of IFRS 18 requires an entity to classify in the operating category all income and expenses included in the statement of profit or loss that are not classified in any of the other four categories—that is, the investing, financing, income taxes and discontinued operations categories. Paragraph B42 of IFRS 18 explains that the requirements in the Standard result in an entity classifying income and expenses from its main business activities in the operating category, except for income and expenses from investments accounted for using the equity method. Paragraph B30 of IFRS 18 explains that an entity may have more than one main business activity. To classify income and expenses in the operating, investing and financing categories, an entity assesses, as required by paragraph 49 of IFRS 18, whether it has a specified main business activity. In accordance with paragraphs 49(a) and 53(a) of IFRS 18, one specified main business activity is investing in particular types of assets including investments in unconsolidated subsidiaries. As paragraph B44(c) of IFRS 18 notes, investments in unconsolidated subsidiaries include investments in subsidiaries in separate financial statements that are accounted for at cost applying paragraph 10(a) of IAS 27. Paragraph 53(a) of IFRS 18 requires an entity to classify income and expenses from investments in unconsolidated subsidiaries in the investing category unless the entity invests in that type of asset as a specified main business activity. If an entity invests in unconsolidated subsidiaries as a specified main business activity, paragraph 55 of IFRS 18 requires the entity to classify income and expenses from those subsidiaries in the operating category (unless those investments are accounted for applying the equity method). Paragraphs B30–B41 of IFRS 18 include application guidance an entity applies when determining whether it has a specified main business activity. In particular: a) paragraph B33 of IFRS 18 states that whether investing in assets is a main business activity of the entity is a matter of fact and not merely an assertion. It requires an entity to use its judgement to assess whether investing in assets is a main business activity and to base that assessment on evidence. b) paragraphs B34–B36 of IFRS 18 discuss factors that might provide evidence of an entity’s main business activity. These factors include, for example, whether the entity uses a particular subtotal as an important indicator of operating performance or whether, applying IFRS 8 Operating Segments, the entity has a reportable segment that comprises a single business activity. Paragraph B37 of IFRS 18 requires an entity to assess whether investing in assets is a main business activity for the reporting entity as a whole. Accordingly, the assessment of whether investing in assets is a main business activity by a reporting entity that	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		is a consolidated group and a reporting entity that is one of the subsidiaries in the consolidated group could have different outcomes. Paragraph BC99 of the Basis for Conclusions on IFRS 18 explains the IASB's rationale for the related requirements and notes that a parent entity's conclusion as to whether an activity is a main business activity for the purposes of its separate financial statements might differ from its conclusion for the purposes of the group's consolidated financial statements. Applying the requirements in IFRS 18 to the fact pattern In accordance with paragraph 55 of IFRS 18, an entity can have a main business activity of investing in unconsolidated subsidiaries. The Committee observed that assessing whether a parent has a main business activity of investing in unconsolidated subsidiaries for the purposes of its separate financial statements requires judgement—in particular, when the parent has more than one business activity—and depends on the parent's specific facts and circumstances. In the fact pattern described in the request, the parent has a substantive business activity of holding and managing investments in subsidiaries and distributing returns from those investments. The Committee observed that, in those circumstances, an outcome in which the parent described in the request has no main business activity would be inconsistent with the IASB's rationale underlying the requirements of the Standard—in particular: a) all income and expenses included in profit or loss—other than those related to investing, financing, income taxes and discontinued operations—arise from an entity's operations; and b) an entity's operations include—but are not limited to—one or more main business activities, including income and expenses from investing in assets if that activity is a main business activity of the entity. The Committee observed that, for the parent described in the request, the absence of any other substantive activity is sufficient evidence to conclude that investing in unconsolidated subsidiaries is a main business activity for the purposes of the parent's separate financial statements. Therefore, the Committee concluded that the parent, for the purposes of its separate financial statements, has a specified main business activity—specifically, a main business activity of investing in unconsolidated subsidiaries. The parent accounts for its investments in unconsolidated subsidiaries at cost. Consequently, in accordance with paragraph 55(b) of IFRS 18, the parent classifies the income and expenses from its investments in unconsolidated subsidiaries in the operating category of its statement of profit or loss. The Committee also observed that: a) the parent described in the request does not provide to its shareholders any segmental analysis or use any subtotals to explain its operating performance related to its separate financial statements; therefore, the examples provided in paragraphs B34–B36 of IFRS 18 of the types of factors an entity considers in assessing whether it has a specified main business activity do not apply in the fact pattern described in the request. The absence of those factors is not determinative and does not indicate that the parent's only substantive business activity is not its main business activity.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b) the absence of a parent from the examples provided in paragraph B31 of IFRS 18 is not determinative; those examples are not an exhaustive list. c) consistent with the IASB's rationale in developing the requirements (as set out in paragraphs BC98–BC99 of the Basis for Conclusions on IFRS 18), the assessment of a main business activity is made for the reporting entity as a whole and, therefore, the outcome of that assessment for the purposes of the separate financial statements of a parent can differ from the outcome of the assessment for the purposes of the consolidated financial statements of the parent and its subsidiaries as a single economic entity. Conclusion The Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for the parent described in the request to assess, for the purposes of its separate financial statements, whether it has a specified main business activity—specifically, a main business activity of investing in unconsolidated subsidiaries. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 18	Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability	The Committee received a request about the classification of a foreign exchange difference from an intragroup monetary liability (or asset). Paragraph B65 of IFRS 18 requires an entity to 'classify foreign exchange differences included in the statement of profit or loss applying IAS 21 [The Effects of Changes in Foreign Exchange Rates] in the same category as the income and expenses from the items that gave rise to the foreign exchange differences, unless doing so would involve undue cost or effort (see paragraph B68)'. The request asked how an entity applying paragraph B65 of IFRS 18 classifies a foreign exchange difference if the income and expenses from the intragroup monetary liability (or asset) that gave rise to the foreign exchange difference have been eliminated on consolidation. Fact pattern In the fact pattern described in the request, an entity enters into a loan with its subsidiary (intragroup loan). The entity and its subsidiary have different functional currencies. This intragroup loan: a) is denominated in the functional currency of either the entity or its subsidiary; and b) is not part of the entity's net investment in the subsidiary. The entity or the subsidiary for which the intragroup loan is a foreign currency monetary item applies IAS 21 to translate the loan to its functional currency and recognises any resulting exchange difference in profit or loss (the exchange difference). In preparing its consolidated financial statements in accordance with IFRS 10 Consolidated Financial Statements, the entity eliminates in full the intragroup assets, liabilities, income, expenses and cash flows relating to the loan. However, in accordance with paragraph 45 of IAS 21, the entity does not eliminate the exchange difference and recognises that exchange difference in its consolidated statement of profit or loss.	Apr-26

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Applying the requirements in IFRS Accounting Standards To determine how an entity classifies the exchange difference in accordance with paragraph B65 of IFRS 18, the Committee considered what ‘the items that gave rise to the foreign exchange differences’ are. Paragraph 45 of IAS 21 states ‘[t]he incorporation of the results and financial position of a foreign operation with those of the reporting entity follows normal consolidation procedures, such as the elimination of intragroup balances and intragroup transactions of a subsidiary (see IFRS 10 Consolidated Financial Statements). However, an intragroup monetary asset (or liability), whether short-term or long-term, cannot be eliminated against the corresponding intragroup liability (or asset) without showing the results of currency fluctuations in the consolidated financial statements. This is because the monetary item represents a commitment to convert one currency into another and exposes the reporting entity to a gain or loss through currency fluctuations...’. The Committee observed that—according to paragraph 45 of IAS 21—it is the intragroup monetary liability (or asset) that gives rise to the exchange difference. The monetary item represents a commitment to convert one currency into another currency. Consequently, the Committee concluded that a reasonable reading of paragraph B65 of IFRS 18 applied to the fact pattern described in the request results in two possible ways (described as View 1 and View 2 in this agenda decision) to classify the exchange difference. <i>View 1—Classify the exchange difference in the operating category as the default category</i> The income and expenses from the item that gave rise to the exchange difference are not included in the consolidated statement of profit or loss. Consequently, the entity could reasonably conclude it cannot apply paragraph B65 of IFRS 18 to this exchange difference because there is no ‘same’ category within which the entity can classify the exchange difference. The entity therefore, by default, classifies the exchange difference in the operating category in accordance with paragraph 52 of IFRS 18. <i>View 2—Classify the exchange difference in the same category in which the income and expenses from the intragroup loan would have been classified before their elimination on consolidation, or, if doing so would involve undue cost or effort, in the operating category</i> The entity might consider that the exchange difference arose from the intragroup loan before the elimination of that loan—and of any income and expenses (other than the exchange difference) arising from that loan—on consolidation. The Committee observed that while paragraph B65 of IFRS 18 requires the exchange difference to be classified in the ‘same’ category as the income and expenses from the item that gave rise to the exchange difference, it does not require those income and expenses to be included in the consolidated statement of profit or loss.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Therefore, applying paragraph B65 of IFRS 18, the entity could reasonably conclude it can classify the exchange difference in the category in which the income and expenses from the intragroup loan would have been classified before the elimination of those income and expenses. The Committee observed that applying View 2: a) if the entity determines—in accordance with paragraph B68 of IFRS 18—that classifying the exchange difference in the same category in which the income and expenses would have been classified before their elimination involves undue cost or effort, the entity instead classifies the exchange difference in the operating category. In accordance with paragraph B68 of IFRS 18, an entity assesses whether classifying foreign exchange differences involves undue cost or effort ‘for each item that gives rise to foreign exchange differences.’ b) the entity classifies the exchange difference from its perspective (as a consolidated group). This means, for example, that the category in which the entity classifies the exchange difference might differ from the category in which the subsidiary classified the exchange difference in its statement of profit or loss (if applicable to the subsidiary). A reason those categories might differ is if the entity’s assessment of its specified main business activities—as a consolidated group—differs from the subsidiary’s assessment of its specified main business activities. <i>Other views</i> The Committee concluded that the other views described in the request would not be reasonable readings of the requirements. Those views were that: a) the transaction in the fact pattern involves only the raising of finance and, consequently, the entity classifies the exchange difference in the financing category. The Committee concluded that this view is not a reasonable reading of the requirements because the exchange difference does not always arise from a transaction that involves only the raising of (intragroup) finance. b) the exchange difference arose from the transfer of cash from one currency into another for a period of time and, consequently, the entity classifies the exchange difference in the investing category. The Committee concluded that this view is not a reasonable reading of the requirements because it is not cash (or currency) that gave rise to the exchange difference. <i>Other observations</i> The Committee observed that an entity develops and applies an accounting policy—that is, View 1 or View 2 as described in this agenda decision—in accordance with IAS 8 Basis of Preparation of Financial Statements.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Conclusion In the light of its analysis, the Committee considered whether to add a standard-setting project to the work plan. The Committee concluded that the expected benefits of a standard-setting project to further clarify the classification of the exchange difference in the fact pattern described in the request would not outweigh the costs. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 18	Classification of Gains and Losses on a Derivative Managing a Foreign Currency Exposure	The Committee received a request about how an entity applies the requirements in paragraphs B70–B76 of IFRS 18 to classify gains or losses on a derivative financial instrument in its consolidated statement of profit or loss. The derivative is a forward contract that is used to manage the foreign currency risk of a net liability exposure, but is not designated as a hedging instrument applying IFRS 9 Financial Instruments. The request asks how the entity, applying IFRS 18, classifies any gain or loss arising from the derivative in its consolidated statement of profit or loss. Fact pattern An entity (Parent P) has three subsidiaries—Subsidiary A, Subsidiary B and Treasury Entity—that it consolidates when preparing its consolidated financial statements. Subsidiaries A and B have the same functional currency (LC) and have the following loans denominated in foreign currency (FC): a) Subsidiary A issued a loan of FC100 to a third party (investing asset); and b) Subsidiary B obtained a loan of FC120 from a different third party (financing liability). Therefore, the group has a net liability exposure of FC20. Applying paragraph 49 of IFRS 18, Parent P assesses that—for the purposes of its consolidated financial statements—it does not have a specified main business activity of investing in particular types of assets or of providing financing to customers. Consequently, in its consolidated financial statements, Parent P classifies the interest income from the investing asset in the investing category and the interest expense from the financing liability in the financing category. Applying paragraph B65 of IFRS 18, Parent P classifies any related foreign exchange differences in the same category as the interest income and interest expense from those financial instruments. To manage the foreign currency risk of the group's net liability exposure, Treasury Entity enters into a forward contract with a third party at a notional amount of FC20 to sell local currency and buy foreign currency (external derivative). Consistent with the group's risk management policy, the purpose of the external derivative is to manage the identified foreign currency risk of the net liability exposure, not the group of gross exposures (the investing asset and the financing liability) that make up the net exposure.	Apr-26

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Parent P does not designate the external derivative as a hedging instrument applying IFRS 9. Parent P concludes that the undue cost or effort exemption in paragraph B72 of IFRS 18 is not applicable. In particular, Parent P has identified the link between the external derivative and the risk it uses that derivative to manage. Treasury Entity also enters into intercompany derivatives (internal derivatives) with: a) Subsidiary A at a notional amount of FC100, to sell foreign currency and buy local currency; and b) Subsidiary B at a notional amount of FC120, to sell local currency and buy foreign currency. Applicable requirements Paragraphs B70–B76 of IFRS 18 provide application guidance about classifying gains and losses on derivatives and designated hedging instruments. Paragraph B72 of IFRS 18 requires an entity to classify gains and losses on a derivative that is not designated as a hedging instrument applying IFRS 9, but is used to manage identified risks, in the same category as the income and expenses affected by the risks that the derivative is used to manage. However, if doing so would require the grossing up of gains or losses or involve undue cost or effort, the entity is instead required to classify all gains or losses on the derivative in the operating category. Paragraph B74 of IFRS 18 states ‘...grossing up of gains and losses might arise from situations in which: a) an entity uses financial instruments to manage the risks of a group of items with offsetting risk positions...; and b) the risks managed affect line items in more than one category of the statement of profit or loss’. Paragraph B75 of IFRS 18 provides an example in which grossing up of gains or losses on a derivative might arise. Applying the requirements The Committee considered the application of the requirements only to gains or losses on the external derivative, not on the internal derivatives. That is because: a) the request asked about the classification of gains and losses on the external derivative in the entity’s consolidated statement of profit or loss. b) as paragraph BC6.144 of the Basis for Conclusions on IFRS 9 explains, for financial reporting purposes, the mitigation or transformation of risk is generally only relevant if it results in a transfer of risk to a party outside the reporting entity. Any transfer of risk within the reporting entity does not change the risk exposure from the perspective of that reporting entity as a whole. This is consistent with the principles of consolidated financial statements.	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that, based on the application guidance in paragraphs B70–B76 of IFRS 18, an entity first needs to identify the risk(s) a derivative is used to manage. Doing so enables the entity to determine the categories in profit or loss affected by that risk and the resulting classification of gains or losses on that derivative. <i>The risk the external derivative is used to manage</i> The Committee observed that entities typically enter into derivatives used to manage identified risks in accordance with their approved risk management policies. Therefore, an entity is generally expected to be able to identify the risk managed using a derivative based on facts and circumstances and its risk management policy. In the fact pattern described in the request, consistent with the group's risk management policy, the external derivative is used to manage only the foreign currency risk of the net liability exposure—not the gross exposures (the investing asset and the financing liability). <i>The categories affected by the risk managed using the external derivative</i> In the fact pattern described in the request, Parent P classifies foreign exchange differences on financial liabilities in the financing category of its consolidated statement of profit or loss. Because the external derivative is used to manage foreign currency risk of the net liability exposure, applying paragraph B72 of IFRS 18, Parent P is required to classify any gain or loss on the external derivative in the financing category of its consolidated statement of profit or loss, unless doing so would require the grossing up of gains and losses or involve undue cost or effort. In the fact pattern described in the request, Parent P concluded that the undue cost or effort exemption is not applicable. <i>Does classification in the financing category require grossing up gains or losses on the external derivative?</i> Based on the requirements in paragraphs B74–B75 of IFRS 18, the Committee observed that the grossing up of gains and losses on a derivative: a) does not arise in situations in which an entity manages an identified risk that affects line items in a single category of the statement of profit or loss. b) might arise in situations in which an entity manages the risks of a group of items with offsetting risk positions using a derivative and those risks affect line items in more than one category of the statement of profit or loss. To classify the gain or loss on the derivative in each of the categories affected, the entity would need to present in each category a larger gain or loss than occurred on the derivative. Such an outcome is prohibited by paragraphs B70 and B72 of IFRS 18. For example, if the group's risk management policy was to instead use the external derivative to manage the foreign currency risk of both the investing asset and the financing liability on a gross basis, then these risks would affect line items in the investing category and in the financing category of the consolidated statement of profit or loss. Consequently, classifying gains or losses on the external derivative in these categories	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		would have required the grossing up of gains or losses on the derivative, which is prohibited by paragraph B72 of IFRS 18. The Committee observed that, in the fact pattern described in the request, the external derivative is used to manage only the net liability foreign currency exposure, which affects a single category of the consolidated statement of profit or loss—the financing category. Therefore, classifying gains or losses on the external derivative in the financing category would not require the grossing up of such gains or losses. As a result, the prohibition in paragraph B72 of IFRS 18 would not apply. Consequently, the Committee concluded that the entity is required to classify any gain or loss on the external derivative in the same category as the income and expenses affected by the risks the derivative is used to manage—in the fact pattern described in the request, it would be in the financing category of its consolidated statement of profit or loss. Conclusion The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for the classification of gains or losses on a derivative—in accordance with an entity’s risk management policy—that is used to manage an identified risk but is not designated as a hedging instrument applying IFRS 9. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
IFRS 18	Scope of the Requirements to Disclose Expenses by Nature	The Committee received a request about the scope of the requirements in paragraph 83 of IFRS 18. Paragraph 75 of IFRS 18 requires an entity to present line items in the statement of profit or loss, including for: a) operating expenses (paragraph 75(a)(ii)); and b) amounts required by IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts (paragraph 75(b)–(c)). Question The request asked whether the requirements in paragraph 83 of IFRS 18 apply: a) only when an entity presents operating expenses listed in paragraph 75(a)(ii) of IFRS 18 by function in the operating category of the statement of profit or loss; or b) when an entity presents any expense by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18. The request said these expenses might include amounts that have been recognised as part of the carrying amount of an asset—for example, insurance service expense recognised in the statement of profit or loss might include the amortisation of insurance acquisition costs that were previously capitalised as part of insurance contract assets. Applying the applicable requirements	Apr-26

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		The Committee observed that paragraph 83 of IFRS 18 contains no exceptions or exclusions. That means, for example, that the reason for classifying an expense by function—that is, classifying an expense by function applying an entity's judgement or because of a requirement in an IFRS Accounting Standard—is irrelevant in determining whether an entity is required to apply paragraph 83. Therefore, the Committee concluded that paragraph 83 of IFRS 18 applies when an entity presents any line item comprising expenses classified by function in the operating category of the statement of profit or loss, including expenses listed in paragraph 75(b)–(c) of IFRS 18 that are classified by function. The Committee observed that, as paragraph B84 of IFRS 18 states, the amounts disclosed in accordance with paragraph 83 of IFRS 18 need not be the amounts recognised as an expense in the period. The amounts disclosed could include amounts that have been recognised as part of the carrying amount of an asset. If an entity applying paragraph 83(b) of IFRS 18 discloses amounts that are not the amounts recognised as an expense in the period, the entity is required to provide a qualitative explanation of that fact, identifying the assets involved. Note 1 of paragraph IE7 of the Illustrative Examples on IFRS 18 illustrates a way to apply paragraph 83 of IFRS 18 and the related application guidance. Conclusion The Committee concluded that the principles and requirements in IFRS 18 provide an adequate basis for an entity to determine the scope of the requirements in paragraph 83 of IFRS 18. Consequently, the Committee decided not to add a standard-setting project to the work plan.	
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IFRIC 12	IFRIC 12 Service Concession Arrangements—Scope of IFRIC 12	The IFRIC received requests for guidance on the application of IFRIC 12. One request related to the requirement that the grantor control or regulate the price the operator can charge to users of the service provided by the infrastructure. The other requested guidance on the accounting for aspects of the arrangement other than the infrastructure. The IFRIC noted that guidance in paragraphs AG2 and AG3 of IFRIC 12 on the requirement that the grantor controls or regulates the price of the service states that the grantor does not need to have complete control of the price. Rather, the IFRIC noted that any reviews or approvals by the grantor required by the agreement would generally be sufficient to meet this requirement, and it would be inappropriate to assume that they are perfunctory or 'rubber stamps' that can be disregarded. The IFRIC also noted that in redeliberating the Interpretation it had decided to focus on the guidance on accounting for the infrastructure but had provided references to other IFRSs that apply to arrangements not within its scope. IFRIC 12 also refers to other IFRSs for accounting for aspects of the arrangement other than the infrastructure, such as repair and maintenance obligations and revenue recognition.	Jul-09

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		Given the guidance in IFRSs, the IFRIC concluded that any guidance it could provide would be in the nature of implementation guidance rather than an interpretation. The IFRIC therefore decided not to add the issues to its agenda.	
IFRIC 12	IFRIC 12 Service Concession Arrangements— Payments made by an operator to a grantor in a service concession arrangement	The Interpretations Committee received a request to clarify how an operator accounts for payments it makes to a grantor in a service concession arrangement within the scope of IFRIC 12 Service Concession Arrangements. The Interpretations Committee observed the following in circumstances other than those in which the operator is collecting amounts (for example, sales taxes) on behalf of, and remitting them to, the grantor: a) if payments are for a right to a good or service that is separate from the service concession arrangement, then the operator accounts for those payments applying the applicable IFRS Standard(s); b) if payments are for the right to use an asset that is separate from the infrastructure within the scope of IFRIC 12, then the operator assesses whether the arrangement contains a lease. If the arrangement contains a lease, the operator accounts for those payments applying IFRS 16 Leases (IAS 17 Leases); c) if payments are not for the right to a separate good or service or a separate right-of-use that is a lease, then the operator accounts for those payments as follows: - i). if the service concession arrangement results in the operator having only a contractual right to receive cash from the grantor (ie the financial asset model applies as described in paragraph 16 of IFRIC 12), the operator accounts for those payments as a reduction of the transaction price, applying the requirements on consideration payable to a customer in paragraphs 70-72 of IFRS 15 Revenue from Contracts with Customers; - ii). if the service concession arrangement results in the operator having only a right to charge users of the public service (ie the intangible asset model applies as described in paragraph 17 of IFRIC 12), the operator has received an intangible asset (ie the right to charge the users of the public service) in exchange for construction/upgrade services and the payments to be made to the grantor. Consequently, an entity accounts for those payments applying IAS 38 Intangible Assets; and - iii). if the operator has both a right to charge users of the public service and a contractual right to receive cash from the grantor (ie both the intangible asset model and the financial asset model apply as described in paragraph 18 of IFRIC 12), the operator considers whether those payments represent payments made for the intangible asset, or consideration payable to a customer, or both. The Interpretations Committee observed that, when the intangible asset model in IFRIC 12 applies, the accounting for variable payments to be made by the operator in a service concession arrangement is linked to the broader issue of accounting for variable payments for asset purchases. However, the Interpretations Committee noted that it had determined in March 2016 that the issue	Jul-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		of accounting for variable payments for asset purchases is too broad for the Interpretations Committee to address within the confines of existing IFRS Standards and, consequently, decided not to add the issue to its agenda. Therefore, the Interpretations Committee concluded that addressing how an operator accounts for variable payments that it makes to a grantor when the intangible asset model in IFRIC 12 applies is too broad for the Interpretations Committee to address within the confines of existing IFRS Standards. The Interpretations Committee also concluded that the requirements in existing IFRS Standards are sufficient to address the other aspects of how an operator accounts for payments that it makes to a grantor as described above. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
IFRIC 12	IFRIC 12 Service Concession Arrangements—service concession arrangements with leased infrastructure (Agenda Paper 7)	The Interpretations Committee received a request to clarify how an operator accounts for a service concession arrangement in which the infrastructure is leased. In this arrangement, the operator is not required to provide any construction or upgrade services with respect to the infrastructure. The submitter described an arrangement that involves three parties: a grantor, an operator and a lessor. The operator enters into an arrangement with the grantor to operate a public service. Some or all of the infrastructure in the arrangement is leased from the lessor. The lessor and the grantor may be controlled by the same governmental body. The operator is contractually required to pay the lessor for the lease of the infrastructure. The operator has an unconditional contractual right to receive cash from the grantor to reimburse those payments. In arrangements in which the lessor and the grantor are not controlled by the same governmental body, the grantor provides the lessor with a guarantee of the lease payments to be made during the lease term, and of any residual value at the end of the lease term. The grantor also has an option to renew the lease at the end of the initial non-cancellable period of the contract. The submitter asked the Interpretations Committee to clarify whether the arrangement (including the leased infrastructure) is within the scope of IFRIC 12 (scope issue). If the arrangement (including the leased infrastructure) is determined to be within the scope of IFRIC 12, the submitter notes that the lease of the infrastructure is not within the scope of IFRS 16 Leases (IAS 17 Leases) for the operator. Consequently, the submitter also asked the Interpretations Committee to clarify how the operator accounts for any assets and liabilities arising from the arrangement with the lessor (recognition and presentation issues). With respect to the scope issue, the Interpretations Committee observed that: a) assessing whether the arrangement (including the leased infrastructure) is within the scope of IFRIC 12 requires consideration of the specific facts and circumstances. In particular, the operator assesses whether the control conditions in paragraph 5 of IFRIC 12 and the condition relating to the infrastructure in paragraph 7 of IFRIC 12 apply. b) the operator is not required to provide construction or upgrade services with respect to the infrastructure for the arrangement to be within the scope of IFRIC 12.	Sept-16

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		With respect to the recognition and presentation issues, if the arrangement (including the leased infrastructure) described in the submission is determined to be within the scope of IFRIC 12, the Interpretations Committee observed that the grantor, rather than the operator, controls the right to use the infrastructure. Accordingly, the Interpretations Committee observed that: a) the operator assesses whether it is obliged to make payments to the lessor for the lease or whether the grantor has this obligation. This assessment requires consideration of the specific facts and circumstances. If the grantor is obliged to make payments to the lessor, then in that case the operator is collecting cash from the grantor that it remits to the lessor on the grantor's behalf. b) if the operator is obliged to make payments to the lessor as part of the service concession arrangement, then the operator recognises a liability for this obligation when it is committed to the service concession arrangement and the infrastructure is made available by the lessor. At the time the operator recognises the liability, it also recognises a financial asset because the operator has a contractual right to receive cash from the grantor to reimburse those payments. c) the operator's liability to the lessor described in b. above is a financial liability. Accordingly, the operator offsets the liability to make payments to the lessor against the corresponding receivable from the grantor only when the criteria for offsetting a financial asset and a financial liability in IAS 32 Financial Instruments: Presentation are met. The Interpretations Committee concluded that the requirements in IFRS Standards provide an adequate basis to enable an entity to determine how to account for the arrangement. In the light of the existing requirements in IFRS Standards, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRIC 14	IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction—Stable workforce assumption	The IFRIC received a request to consider an issue arising from IFRIC 14. The issue relates to the economic benefit available in the form of reductions in future contributions when there is a minimum funding requirement. IFRIC 14 requires the economic benefit to be determined assuming a stable workforce in the future unless the entity is demonstrably committed at the end of the reporting period to make a reduction in the number of employees covered by the plan. The request noted that in some circumstances the assumption of a stable workforce may understate the economic benefits available to the entity as a reduction in future contributions. The request noted that contributions to a plan are recognised as an expense, not an asset, if they provide no economic benefits in accordance with IFRIC 14. Therefore, by choosing the timing and the level of such contributions, an entity can affect its reported earnings. The IFRIC noted that the requirements of IFRIC 14 regarding the assumption of a stable workforce are explicit. The issue was discussed extensively during the development of IFRIC 14 and the request provides no new information to cause the IFRIC to reconsider its conclusion. The IFRIC therefore decided not to add this issue to its agenda.	Nov-08
IFRIC 14	IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction—Voluntary prepayments	As a result of comment letters received on another issue related to IFRIC 14, the IFRIC noted that requirements in IFRIC 14, the IFRIC noted that requirements in IFRIC 14 may produce unintended consequences in some circumstances in the treatment of voluntary prepaid contributions under a minimum funding requirement. At its meeting in November 2008, the IFRIC decided to add this issue to its agenda and expected to propose amendments to the wording of paragraph 22 of IFRIC 14. At the Board's meeting in January 2009, however, the Board decided to proceed with its own project to amend IFRIC 14 to address this issue. Consequently, the IFRIC decided to remove the issue in its agenda. UPDATE: In November 2009, the International Financial Reporting Interpretations Committee published 'Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14)'. The Amendments to IFRIC 14 address the unintended consequences that can arise from the previous requirements when an entity prepaays future contributions into a defined benefit pension plan.	May-09
IFRIC 14	IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Should an entity assume continuation of a minimum funding requirement for contributions relating to future service?	The Interpretations Committee received a request to clarify whether the future minimum funding requirement for contributions to a defined benefit plan to cover future service would apply for only the fixed period that had been agreed between the entity and the pension trustees. The conclusion on this issue could affect how the economic benefit available as a reduction in future contributions is determined, which could in turn affect the amount of the net defined benefit liability or asset to be recognised in the entity's statement of financial position. In the circumstances described by the submitter, neither a plan wind-up nor a plan closure to future accrual has been decided upon at the end of the reporting period. In addition, a pension regulation or a contractual agreement, or both, specify that: the pension trustees are required to prepare, and from time to time review and if necessary revise, a statement of funding principles that documents the pension trustees' policy for ensuring that a required funding objective is met;	July-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b) the statement of funding principles sets out, among other things, the methods to be used to determine the assumptions that are used to calculate the liabilities that determine contributions to be paid; c) the pension trustees are required to prepare a schedule of contributions that is negotiated with the entity and that is consistent with the statement of funding principles; d) the amounts specified in the schedule of contributions must then be paid for a fixed period; e) the entity and the pension trustees are required to renew the schedule of contributions as the fixed period comes to an end if the plan is continued; f) the schedule of contributions does not need to be renewed if the plan is wound up; and g) the entity can decide to wind up or close the plan to future accrual, if this is agreed with the pension trustees. The Interpretations Committee observed that, although the level of contributions after the fixed period will be subject to future negotiations, if the plan continues after the fixed period the entity must continue to make contributions for future service that are consistent with the statement of funding principles. The Interpretations Committee noted that paragraph 18 of IFRIC 14 requires an entity to analyse its minimum funding requirements at a given date into the contributions that are required to cover: a) any existing shortfall for past service on the minimum funding basis; and b) future service. The Interpretations Committee also noted that: a) paragraph 19 of IFRIC 14 explains that contributions to cover any existing shortfall for past service do not affect future contributions for future service; and b) paragraph 23 of IFRIC 14 requires an entity to determine whether contributions payable to cover an existing shortfall for past service will be available as a refund or reduction in future contributions. The Interpretations Committee noted that the question raised by the submitter relates only to the minimum funding requirement for contributions to cover future service. The Interpretations Committee then noted that, in the circumstances described, the pension trustees determine some or all of the factors (or funding principles) establishing the minimum funding basis (as that term is used in IFRIC 14) and record them in the statement of funding principles. Accordingly, when the entity estimates the future minimum funding requirement contributions, it should (i) include the amounts in the schedule of contributions for the fixed period specified by the schedule; and (ii) beyond that	

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		period, make an estimate that assumes a continuation of those factors establishing the minimum funding basis as determined by the pension trustees. This is because: a) paragraphs 21 and BC30 of IFRIC 14 explain that an entity's estimate of future minimum funding requirement contributions shall not include the effect of expected changes in the terms and conditions of the minimum funding basis that are not substantively enacted or contractually agreed at the end of the reporting period; and b) in the circumstances described, those factors establishing the minimum funding basis that are determined by the pension trustees and recorded in the statement of funding principles are equivalent to a legal requirement or contractual agreement. Accordingly, the estimate of future minimum funding requirement contributions for future service should not assume any changes to those factors if such changes require future negotiations with the pension trustees. The Interpretations Committee further noted that, for any factors affecting the estimation of future minimum funding requirements that are not determined by the trustees (for example, the remaining life of the plan is not specified by the existing funding principles), the assumptions used to estimate future minimum funding requirement contributions for future service beyond the fixed period must be consistent with those used for determining future service costs. This is because paragraphs 17 and 21 of IFRIC 14 require an entity to use assumptions that are consistent with those used to determine the defined benefit obligation and with the situation that exists at the end of the reporting period. On the basis of this analysis, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary and therefore decided not to add this issue to its agenda.	
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IFRIC 18	IFRIC 18 Transfers of Assets from Customers—Applicability to the customer	The IFRIC received a request to provide guidance on how the customer should account for a transfer of assets that is in the scope of IFRIC 18 for the recipient. The IFRIC noted that IFRIC 18 addresses only the accounting by the recipient of the transferred assets. The IFRIC also noted that the accounting by customers transferring assets should be consistent with the principles in IFRIC 18 that, in a normal trading transaction, transfers of assets include exchanges of other goods, services or both. The IFRIC noted that other IFRSs provide relevant guidance for accounting for the goods or services received or given up in the exchange transaction. Therefore, the IFRIC concluded that the agenda criteria were not met mainly because IFRSs already provide relevant guidance and it did not expect divergent interpretations in practice. Therefore, the IFRIC decided not to add this issue to its agenda.	July-09
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
IFRIC 21	IFRIC 21 Levies—identification of a present obligation to pay a levy that is subject to a pro rata activity threshold as well as an annual activity threshold	In May 2013, the IASB issued IFRIC 21 Levies, which is effective for annual periods beginning on or after 1 January 2014, with earlier application permitted. IFRIC 21 provides an interpretation of the requirements in IAS 37 Provisions, Contingent Liabilities and Contingent Assets for the recognition of liabilities for obligations to pay levies that are within the scope of IFRIC 21. The Interpretations Committee received a request to clarify how the requirements in paragraph 8 of IFRIC 21 should be interpreted in identifying an obligating event for a levy. The Interpretations Committee discussed regimes in which an obligation to pay a levy arises as a result of activity during a period but is not payable until a minimum activity threshold, as identified by the legislation, is reached. The threshold is set as an annual threshold, but this threshold is reduced, pro rata to the number of days in the year that the entity participated in the relevant activity, if its participation in the activity started or stopped during the course of the year. The request asks for clarification on how the thresholds stated in the legislation should be taken into consideration when deciding “the activity that triggers the payment of the levy” in paragraph 8 of IFRIC 21. The Interpretations Committee noted that in the circumstance described above, the payment of the levy is triggered by the reaching of the annual threshold as identified by the legislation. The Interpretations Committee also noted that the entity would be subject to a threshold that is lower than the threshold that applies at the end of the annual assessment period if, and only if, the entity stops the relevant activity before the end of the annual assessment period. Accordingly, the Interpretations Committee observed that in the light of the guidance in paragraph 12 of IFRIC 21, the obligating event for the levy is the reaching of the threshold that applies at the end of the annual assessment period. The Interpretations Committee noted that there is a distinction between a levy with an annual threshold that is reduced pro rata when a specified condition is met and a levy for which an obligating event occurs progressively over a period of time as described in paragraph 11 of IFRIC 21; until the specified condition is met, the pro rata reduction in the threshold does not apply. On the basis of the discussions above, the Interpretations Committee thought that the guidance in IFRIC 21 and IAS 37 is sufficient and noted that it is unlikely that significant diversity in interpretation on this issue will emerge. Accordingly, the Interpretations Committee decided not to add this issue to its agenda.	Mar-14
IFRIC 21	IFRIC 21 Levies—levies raised on production property, plant and equipment	The Interpretations Committee received two submissions relating to levies raised on production property, plant and equipment (PPE). Paragraph 3 of IFRIC 21 Levies states that the Interpretation does not provide guidance on accounting for the costs arising from recognising a levy. The Interpretation notes that entities should apply other Standards to decide whether the recognition of an obligation for a levy gives rise to an asset or to an expense. The submitters, both service providers, asked whether the cost of a levy on productive assets is: a) an administrative cost to be recognised as an expense as it is incurred; or	Jan-15

IFRS	Title	Issue and reason for not adding to the agenda	Decision date
		b) a fixed production overhead to be recognised as part of the cost of the entity's inventory in accordance with IAS 2 <i>Inventories</i>. The Interpretations Committee noted that when IFRIC 21 was being developed it had discussed the accounting for costs that arise from recognising the liability for a levy. At that time it had considered whether such costs would be recognised as an expense, a prepaid expense or as an asset recognised in accordance with IAS 2, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets. The Interpretations Committee decided not to provide guidance on this matter; entities should apply other Standards to decide whether the recognition of a liability to pay a levy gives rise to an asset or to an expense. The Interpretations Committee also noted that IFRIC 21 is an Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and that paragraph 8 of IAS 37 states that IAS 37 does not deal with the recognition of either the asset or expense associated with a liability. It also noted that it would not be efficient to give case-by-case guidance based on the fact patterns of individual levies. Consequently, the Interpretations Committee decided not to add this issue to its agenda.	
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SIC 12	SIC 12 - Special Purpose Entities - Relinquishment of Control	The IFRIC considered an issue concerning the relative weight to be given to the various indicators in paragraph 10 of SIC-12 Consolidation—Special Purpose Entities in determining who should consolidate a special purpose entity (SPE). The issue focused on a situation in which all the decisions necessary for the ongoing activities of the SPE had been predetermined by its creator and in which the majority of the 'equity interest tranche' had been transferred to a third party. The question was whether in such a situation the benefits and risks factors specified in paragraph 10(c) and (d) of SIC-12 took precedence over the factors in paragraph 10(a) (activities of the SPE conducted in accordance with specific business needs of one party) and paragraph 10(b) (one party has decision-making powers or has delegated them by setting up an 'autopilot' mechanism). The IFRIC noted that, under IAS 27 Consolidated and Separate Financial Statements, control, which is the basis for consolidation, has two components: power to govern and rights to obtain benefits. The IFRIC noted that the factors set out in paragraph 10 of SIC-12 are indicators only and not necessarily conclusive. The IFRIC believed that this approach was deliberate, in acknowledgement of the fact that circumstances vary case by case. In the IFRIC's view, SIC-12 requires that the party having control over an SPE should be determined through the exercise of judgement and skill in each case, after taking into account all relevant factors. For this reason, the IFRIC decided not to take the issue onto the agenda.	Nov-06
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IFRS	Title	Issue and reason for not adding to the agenda	Decision date
SIC 15	IAS 17 - Recognition of operating lease incentives under SIC 15	See above (click link on left to access)	Aug-05