IFRIC – Items not taken onto the agenda (with final decisions published)
Starting from February 2005 (IAS 1 – IAS 41) (IFRIC UPDATE)

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The reasons given below reflect past deliberations of the IFRIC (as published in IFRIC Update http://www.ifrs.org/Updates/IFRIC-Updates/Pages/IFRIC-Updates.aspx), and may not reflect subsequent developments.

Details of the issues that have been considered by the Committee but not added to its agenda are as follows:

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 1 ***Presentation of Financial Statements***			
IAS 1-1	June 2005	***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) 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), 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, 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.
IAS 1-2	June 2005	***Comparatives for prospectuses*** The IFRIC considered whether to amend requirements in IAS 1.36 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 issue 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 1-3	Nov 2006	***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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 1-3 cont'd	Nov 2006	***Whether the liability component of a convertible instrument should be classified as current or non-current (cont'd)***	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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 1-4	May 2007	***IAS 1 Presentation of Financial Statements/IAS 39 Financial Instruments: Recognition and Measurement—Current or non-current presentation of derivatives classified as 'held for trading' under IAS 39*** 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 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 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 to remove that implication.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 1-5	Jul 2010	***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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 1 - 7	Nov 2010	**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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 1 – 11	July 2012	**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. 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 1 -14	May 2014	***Issues related to the application of IAS 1*** 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 2	November 2015	***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. The Interpretations Committee concluded that this issue did not meet its agenda criteria and therefore it decided to remove this issue from its agenda.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 7 ***Cash Flow Statements***			
IAS 7-1	August 2005	***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.
IAS 7 – 2	March 2008	***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.

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IAS 7-3	July 2009	***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 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 7-9	May 2013	**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. Consequently, the Interpretations Committee decided not to add this issue to its agenda.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 8-1	March 2011	**Application of the IAS 8 hierarchy** 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 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 10 ***Events after the Reporting Period***			
IAS 10-1	May 2013	**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	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

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		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	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.

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		the date when the financial statements were authorised for issue and about events after the reporting period. 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.	
IAS 10-2	September 2013	**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.	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

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			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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 11 Construction Contracts			
IAS 11-1	Nov 2006	***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.

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IAS 11-1 cont’d	Nov 2006	***Allocation of profit in a single contract (cont’d)***	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.
IAS 12 ***Income Taxes***			
IAS 12-1	June 2005	***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.

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IAS 12-2	June 2005	***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 the issue 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.
IAS 12-3	August 2005	***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.
IAS 12-4	November 2005	***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 issue 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.

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IAS 12-5	March 2006	***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 issue onto its agenda.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-6	July 2007	***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.

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IAS 12-7	May 2009	***Classification of tonnage taxes*** The IFRIC received a request for guidance on whether a 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 a variety of tax regimes. In some jurisdictions, shipping companies are permitted to choose to be taxed on the basis of tonnage transported, tonnage capacity or a notional profit instead of the 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.
IAS 12-10	November 2011	***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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-11	July 2014	***Recognition of deferred tax for a single asset in a corporate wrapper*** 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 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-13	July 2012	**IAS 12 *Income Taxes*—Accounting for market value uplifts on assets that are to be introduced by a new income 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-15	May 2014	***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 carry forward 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. (a) 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-16	July 2014	***Recognition of current income tax on uncertain tax position*** 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 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.
IAS 12-16	July 2016	The Interpretations Committee received a request to clarify how to determine the expected manner of recovery of an indefinite life intangible asset 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.	In the light of 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

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-17	May 2014	***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. 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 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.. 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-18	March 2015	***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 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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-19	January 2016	**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.

#	Date Considered	Issue	Reason for not adding to the IFRIC agenda
IAS 12-22	September 2016	**IAS 12 *Income Taxes*—recognition of deferred taxes when acquiring a single-asset entity that is not a business** The Interpretations Committee received a submission questioning how, in its consolidated financial statements, an entity accounts for a transaction in which it acquires all of 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 the Interpretations Committee to consider whether the requirements in paragraph 15(b) of IAS 12 should be amended in this respect.	The Interpretations 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 Interpretations Committee did not recommend that the Board consider adding a project to its agenda on this topic.

IAS 16 Property, plant and equipment			
IAS 16-1	Nov 2006	***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.

IAS 16-2	May 2007	***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.

IAS 16-3	May 2009	***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 paragraph 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 IFRSs with the objective of either confirming that they are required or eliminating them.

IAS 16-7	July 2011	**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.

IAS 16-9	September 2012	**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 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 16-13	May 2014	***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.

IAS 16-13	November 2014	***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. 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 16-14	March 2016	**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.	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.

		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 *The Conceptual Framework for Financial Reporting* 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.	
IAS 17 *Leases*			
IAS 17-1	June 2005	***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 issue 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.

<table>
<tr>
<td>IAS 17-2</td>
<td>August 2005</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>IAS 17-3</td>
<td>November 2005</td>
<td>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.</td>
<td>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.</td>
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IAS 17 – 3	September 2008	***Time pattern of 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.

IAS 17-4	March 2006	***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.

IAS 17-4 cont'd	March 2006	***Leases of Land that do not transfer Title to the Lessee (cont'd)***	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 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.
IAS 17-5	July 2006	***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.

IAS 17-6	March 2007	***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.	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 17-10	March 2014	***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. 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.
IAS 18 *Revenue*			
IAS 18-1	March 2006	***Subscriber Acquisition Costs in the Telecommunications 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.

IAS 18-2	September 2007	***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: • 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.

IAS 18 – 9 IAS 39 – 18	September 2008	**IAS 18 *Revenue*/IAS 39 *Financial Instruments: Recognition and Measurement*—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.

IAS 18–10	January 2010	***Receipt of a dividend of equity instrument*** 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. Therefore, the IFRIC decided not to add this issue to its agenda.

IAS 18-11	November 2012	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.

IAS 19 ***Employee Benefits***			
IAS 19-1	June 2005	***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.
IAS 19-2	November 2005	***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.

IAS 19-3	March 2007	***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. The IFRIC therefore decided not to take the issue onto its agenda.

IAS 19-4	May 2007	***Curtailments and negative past service costs*** 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.
IAS 19-5	September 2007	***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.

IAS 19-6	November 2007	***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. For this reason, the IFRIC decided not to add this item to the agenda.

IAS 19-7	November 2007	***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: • 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. • 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.

IAS 19-8	January 2008	***Death in service benefits*** An entity may provide payments to employees if they die while employed ('death in service' benefits). In some situations, IAS 19 requires these benefits to be attributed to periods of service using the Projected Unit Credit Method. The IFRIC received a request for guidance on how an entity should attribute these benefits to periods of service. The request noted that different treatments existed in practice.	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 the issue to its agenda.

IAS 19-9	January 2008	***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.
IAS 19-10	January 2008	***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. 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 - 14	May 2008	***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.
IAS19-15	Nov 2010	***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.

IAS19-16	July 2011	***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 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 19-17	January 2012	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: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) 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: (a) all the relevant facts and circumstances for each individual entity's offer of benefits under the plan considered; (b) the indicators provided in paragraph 162 of IAS 19 (2011); and (c) the definitions of the different categories of employee benefits in IAS 19 (2011). 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.

<table>
<tr><td>IAS 19-18</td><td>September 2012</td><td>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.</td><td>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 (see the Interpretations Committee's current agenda).</td></tr>
<tr><td>IAS 19-22</td><td>November 2013</td><td>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</td><td>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</td></tr>
</table>

		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 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;	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 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.

		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.	
IAS 19-23	July 2013	**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.	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.

		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.	

IAS 19-26	March 2015	***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 (c) 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 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 20 - ***Accounting for Government Grants and Disclosure of Government Assistance***			

IAS 20-2	May 2016	**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.	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.

		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*). 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.	

IAS 21 *The Effects of Changes in Foreign Exchange Rates*			
IAS 21-2	March 2010	**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 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 -3	September 2010	**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.

IAS 21-4	November 2014	**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? 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.

IAS 23 ***Consolidated and Separate Financial Statements***			
IAS 23-1	January 2008	***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 *to the extent* 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.

IAS 23-2	November 2009	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, 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. The IFRIC therefore decided not to add the issue to its agenda.

IAS 24 ***Related Party Disclosures***			
IAS 24-2	May 2015	***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 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.

IAS 26 ***Accounting and Reporting by Retirements Benefit Plans***			
IAS 26 -1	May 2010	***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.

IAS 27 ***Consolidated and Separate Financial Statements***			
IAS 27-1	March 2006	***Separate financial statements issued before consolidated financial statements*** 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.	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 27-2	Nov 2006	***SIC-12 Consolidation—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.
IAS 27-8	July 2009	***Transaction costs for non-controlling interests*** 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.

IAS 27-9	January 2010	***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. Therefore, the IFRIC decided not to add this issue to its agenda.
IAS 27 - 10	January 2010	***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. Therefore, the IFRIC decided not to add these issues to its agenda.

IAS 27 -11	Sept 2010	***Put options written over non-controlling interests*** The Committee received a request for guidance on how an entity should account for changes in the carrying amount of a financial liability for a put option, written over shares held by a non-controlling interest shareholder ('NCI put'), in the consolidated financial statements of a parent entity. The request focuses on the accounting for an NCI put after the 2008 amendments were made to IFRS 3 *Business Combinations*, IAS 27 *Consolidated and Separate Financial Statements* and IAS 39 *Financial Instruments: Recognition and Measurement*. The Committee observed that paragraph 23 of IAS 32 requires the financial liability recognised for a NCI put to be subsequently measured in accordance with IAS 39. The Committee also observed that paragraphs 55 and 56 of IAS 39 require changes in the carrying amount of financial liabilities to be recognised in profit or loss. However, the Committee noted that additional accounting concerns exist relating to the accounting for NCI puts.	The Committee noted that these additional accounting concerns would be best addressed as part of the Board's *Financial Instruments with Characteristics of Equity* (FICE) project. Consequently, the Committee [decided] not to add this issue to its agenda but to recommend that the Board should address these additional accounting concerns as part of the FICE project. The Committee also observed that it would expect entities to apply the guidance in IAS 1 *Presentation of Financial Statements* in determining whether additional information relating to the accounting for NCI puts should be disclosed in the financial statements, including a description of the accounting policy used.

IAS 27-13	September 2011	**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 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 27-15	January 2013	**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.

IAS 28 ***Investments in Associates***			
IAS 28-1	March 2009	**IAS 28** ***Investments in Associates*****—Potential effect of IFRS 3** ***Business Combinations*** **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) recently added to its agenda, EITF Issue No. 08-6 *Equity Method Investment Accounting Considerations*. EITF 08-6 addresses several issues resulting from the recently concluded joint project by the IASB and FASB on accounting for business combinations and accounting and reporting for non-controlling interests that culminated in the issue of IFRS 3 (as revised in 2008) and IAS 27 (as amended in 2008) and FASB SFAS 141(R) and SFAS 160.	The IFRIC noted that IAS 28 provides explicit guidance on two issues: ▪ How an impairment assessment of an underlying indefinite-lived intangible asset of an equity method investment should be performed ▪ How to account for a change in an investment from the equity method to the cost method. Therefore, the IFRIC does not expect divergence in practice and decided not to add these issues to its agenda.

IAS 28-1	July 2009	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.

IAS 28-2	July 2009	***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 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 28-3	July 2009	***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.

IAS 28-3	January 2013	**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.

IAS 29 *Financial Reporting in Hyperinflationary Economies*			
IAS 29-4	January 2014	**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.

IAS 32 *Financial Instruments: Presentation*			
IAS 32-1	Nov 2006	***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.

IAS 32-2	Nov 2006	***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. As stated in the June 2006 IASB *Update*, 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. (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.

IAS 32-2 cont’d	Nov 2006	***Classification of a financial instrument as liability or equity (cont’d)***	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 32-3	Nov 2006	***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. 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.

IAS 32-4	Nov 2006	***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.

IAS 32-6	September 2008	***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.

IAS 32-8	January 2010	***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. Therefore, the IFRIC decided not to add this issue to its agenda.
IAS 32-9	March 2010	***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. 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 - 11	September 2013	**Classification of financial instruments that give the issuer the contractual right to choose the form of settlement** The IFRS 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	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. 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.

		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.	
IAS 32-12	January 2014	**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 non-viability 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.
IAS 32-14	January 2014	**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	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

		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.	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 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 32-16	May 2014	***Presentation – accounting for a financial instrument that is mandatorily convertible into a variable number of shares subject to a cap and a floor*** 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 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 32R – 1	March 2009	**IAS 32 *Financial Instruments: Presentation*—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. 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 financial 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 16B of IAS 32 to determine whether it should be classified as equity. Consequently, the IFRIC noted that IAS 32 does not preclude the existence of several classes of equity. The IFRIC also noted 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 of itself imply that the puttable instruments are less subordinate than the perpetual instruments.	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 32-20	March 2016	**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 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.

		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. 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.	

IAS 32-21	March 2016	**Financial Instruments: Presentation—Offsetting and cash-pooling arrangements** The Interpretations Committee received a request to clarify an issue related to IAS 32 *Financial Instruments: Presentation*. 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 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.

		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. 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.	

IAS 34 ***Interim Financial Reporting***			
IAS 34-2	July 2009	***Interim fair value disclosures*** 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.

IAS 34-7	July 2014	***Condensed statement of cash flows*** 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.	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.
IAS 36 Impairment of Assets			
IAS 36-1	March 2007	***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.

IAS 36 - 2	Nov 2010	***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 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 36-6	May 2016	**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.	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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IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*			
IAS 37-1	August 2005	***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.

IAS 37-1	March 2011	***Inclusion of own credit risk in 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 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 – 2	May 2008	***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.

IAS 37-3	March 2009	**IAS 37** ***Provisions, Contingent Liabilities and Contingent Assets*****/IAS 38** ***Intangible Assets*****—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 IFRIC meeting in November 2008, 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: ▪ rate regulation is widespread and significantly affects the economic environment of regulated entities. ▪ currently, divergence does not seem to be significant in practice. ▪ resolving the issue would require interpreting the definitions of assets and liabilities set out in the *Framework* and their interaction with one or more IFRSs. ▪ 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. In addition, 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.

IAS 37-3	May 2014	***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.	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.

IAS 38 ***Intangible Assets***			
IAS 38-1	August 2005	***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.

IAS 38-2	Nov 2006	***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.
IAS 38-3	Nov 2006	***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.

IAS 38-6	July 2009	***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.

IAS 38-7	May 2009	***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 the specific real estate construction project. Following the guidance in IFRIC 15 *Agreements for the Construction of Real Estate*, revenue from the construction project described in the request will be recognised as a 'sale of goods' in accordance with IAS 18 *Revenue* rather than in accordance with IAS 11 *Construction Contracts*. Examples of such selling and marketing costs include: ▪ advertising costs for the project ▪ sales commissions paid for selling the units ▪ fees paid to the bank to list the property to enable buyers to get mortgages. The IFRIC noted that IAS 2 *Inventories* does not permit selling costs to be capitalised as inventory if the real estate units are considered to be inventory. Similarly, IAS 16 *Property, Plant and Equipment* does not permit these costs to be capitalised as property, plant and equipment unless they are directly attributable to preparing the asset to be used. The IFRIC also noted that paragraph 20 of IAS 11 excludes selling costs 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 capitalised 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 capitalise 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 the agenda.

IAS 38-8	January 2010	***Amortisation method*** 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. Therefore, the IFRIC decided not to add the issue to its agenda.
IAS 39 *Financial Instruments: Recognition and Measurement*			
IAS 39-1	June 2005	***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 issue did not involve significantly divergent interpretations. Accordingly, the IFRIC decided not to add the topic to its agenda.

IAS 39-2	June 2005	***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.
IAS 39-2	March 2009	***Derecognition*** The IFRIC was asked: 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 2. 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 pending the availability of staff resources. 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.

IAS 39-3	August 2005	***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.	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 39-4	November 2005	***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 issue to its agenda as it did not expect significant diversity in practice to arise.

IAS 39-5	November 2005	***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 issue to its agenda as it did not expect significant diversity in practice to arise.

IAS 39-6	Nov 2006	***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 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 39-7	Nov 2006	***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 items and those on the hedged instruments. 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 to be recognised in profit or loss. 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.

IAS 39-8	Jan 2007	***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.

IAS 39-9	Jan 2007	***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).	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 differently on the balance sheet. 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 39-10	Jan 2007	***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 3 Business Combinations.	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. 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 39-11	March 2007	***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.

IAS 39-12	March 2007	***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 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 39-13	July 2007	***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.

IAS 39-14	July 2007	***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 contractual terms of a financial instrument (see Question C.1 of the Guidance on Implementing IAS 39). 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.

IAS 39-15	September 2007	***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.

IAS 39-16	January 2008	***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 an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date.' The request 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 request 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.
IAS 39 -17	July 2008	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 approaches. 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 application 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.
IAS 39 – 18 **See: IAS 18 – 9**	September 2008	**IAS 18 *Revenue*/IAS 39 *Financial Instruments: Recognition and Measurement*—Accounting for trailing commissions**	

IAS 39 – 19	November 2008	**IAS 39** ***Financial Instruments: Recognition and Measurement*****—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.

IAS 39-20	March 2009	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 noted that both the credit spread and liquidity spread components of the discount rate might not be observable in inactive markets. The submission suggested that, in such circumstances, 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 states that the 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, that measurement 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 be expected to consider them so as 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 in 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 objective or 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 that any guidance it could provide would be in the 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 disclose the fair values 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. The issue relates directly to the subjects that were discussed at the joint IASB/FASB round tables held in November and December. 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 39-21	May 2009	***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 the request, namely that the financial liability: ▪ does not contain any embedded derivatives ▪ is measured at amortised cost using the effective interest rate method, and ▪ does not meet the definition of a *floating rate* instrument.	The IFRIC noted that paragraphs AG6 and AG8 of IAS 39 provide the relevant application guidance for measuring financial liabilities at amortised cost using the effective interest rate method. The IFRIC also noted that 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.

IAS 39-22	May 2009	***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.

IAS 39-23	July 2009	***Hedging using more than one derivative as the hedging instrument*** 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 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 39-24	July 2009	***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	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 39-25	March 2010	***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.

IAS39 -27	May 2010 Jul 2010	**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 50C of IAS 39 requires 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.
IAS 39-31A	September 2012	**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 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

		• 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.	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. 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 derecognised. The Interpretations Committee noted that, because of its conclusion on derecognition, these questions did not need to be answered.
IAS 39-31(A)	September 2012	**Classification of a GDP-linked security** The Interpretations Committee received a request for guidance on the appropriate accounting for the GDP-	However, the Interpretations Committee thought that it could highlight some aspects that should be considered when assessing the accounting for the GDP-linked

		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.	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. 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 39-31(A)	November 2012	**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.
IAS 39 -36	March 2014	***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.

IAS 39-36	July 2014	***Recognition and Measurement—classification of a hybrid financial instrument by the holder*** 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.	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 39-38	November 2014	**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.	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.

		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.	
IAS 39-41	January 2015	***Recognition and Measurement* and IAS 1 *Presentation of Financial Statements*—Income and expenses arising on financial instruments with a negative yield—presentation in the statement of comprehensive income** 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	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.

		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.	
IAS 39-42	January 2016	**Financial Instruments: Recognition and Measurement—Separation of an embedded floor from a floating rate host contract** 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.	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.

		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 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.	

IAS 39-38	May 2016	**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.

IAS 41 - ***Agriculture***			
IAS 41-2	May 2009	***Discount rate assumptions 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 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 that cost may approximate fair value when little biological transformation has taken place since the cost was incurred. In these situations the IFRIC noted that 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 would 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.

IAS 41-3	March 2013	***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. 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.