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IFRIC Update

From the IFRS Interpretations Committee

September 2013

Welcome to the IFRIC Update

IFRIC Update *is the newsletter of the IFRS Interpretations Committee (the Interpretations Committee). All conclusions reported are tentative and may be changed or modified at future Interpretations Committee meetings.*

Decisions become final only after the Interpretations Committee has taken a formal vote on an Interpretation or a Draft Interpretation, which is confirmed by the IASB.

The Interpretations Committee met in London on **10 and 11 September 2013**, when it discussed:

the current agenda:
IAS 19 *Employee Benefits*—Employee benefit plans with a guaranteed return on contributions or notional contributions;
Interpretations Committee agenda decisions;
Interpretations Committee tentative agenda decision;
deliberation of comments received on proposals for narrow-scope amendments;
issues considered for Annual Improvements;
issues considered for narrow-scope amendments;
Interpretations Committee's work in progress; and
Interpretations Committee's other work.

Contact us

IFRS Interpretations Committee
30 Cannon Street
London EC4M 6XH
United Kingdom

Tel: +44 (0)20 7246 6410
Fax: +44 (0)20 7246 6411
E-mail: **ifric@ifrs.org**
Website: **www.ifrs.org**

Future IFRS Interpretations Committee meetings

The next meetings are:
12 and 13 November 2013
29 and 30 January 2014
25 and 26 March 2014
13 and 14 May 2014
15 and 16 July 2014
16 and 17 September 2014
11 and 12 November 2014

Meeting dates, tentative agendas and additional details about the next meeting will be posted to the IASB **website** before the meeting. Further information about the activities of the IFRS Interpretations Committee can be found **here**. Instructions for submitting requests for Interpretations are given on the IASB website **here**.

Archive of IFRS Interpretations

Newsletter

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The current agenda

The Interpretations Committee discussed the following issue, which is on its current agenda.

IAS 19 *Employee Benefits*—Employee benefit plans with a guaranteed return on contributions or notional contributions

At its previous meeting, the Interpretations Committee tentatively confirmed the scope of its work on employee benefit plans with a guaranteed return on contributions or notional contributions.

At this meeting, the staff presented to the Interpretations Committee an analysis of alternative measurement approaches that might be suitable for employee benefit plans within the agreed scope.

The Interpretations Committee tentatively decided that the approach based on IFRIC Draft Interpretation D9 *Employee Benefit Plans with a Promised Return on Contributions or Notional Contributions* published in 2004 would be the most suitable for the measurement of the employee benefit plans within the agreed scope. The Interpretations Committee also tentatively agreed to reconsider whether benefits with vesting conditions should be within the agreed scope.

An approach consistent with D9 would require entities to measure benefits with a 'variable' return at the fair value of the underlying reference assets and those with a 'fixed' return using the projected unit credit method. Entities would measure benefits that promised the higher of more than one benefit at the intrinsic value.

The staff will provide a more detailed analysis of the D9 approach at a future meeting.

Interpretations Committee agenda decisions

The following explanations are published for information only and do not change existing IFRS requirements. *Interpretations Committee agenda decisions are not Interpretations. Interpretations are determined only after extensive deliberations and due process, including a formal vote, and become final only when approved by the IASB.*

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*—Classification in conjunction with a planned IPO, but where the prospectus has not been approved by the securities regulator

The Interpretations Committee received a request to clarify the application of the guidance in IFRS 5 regarding the classification of a non-current asset (or disposal group) as held for sale, in the case of a disposal plan that is intended to be achieved by means of an initial public offering (IPO), but where the prospectus (ie the legal document with an initial offer) has not yet been approved by the securities regulator.

The submitter asked the Interpretations Committee to clarify whether the disposal group would qualify as held for sale before the prospectus is approved by the securities regulator, assuming that all of the other criteria in IFRS 5 have been fulfilled.

The Interpretations Committee noted that paragraph 7 of IFRS 5 requires that the asset (or disposal group) must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be *highly probable*.

The Interpretations Committee also noted that an entity should apply the guidance in paragraphs 8-9 of IFRS 5 to assess whether the sale of a disposal group by means of an IPO is *highly probable*. Terms that are "usual and customary" is a matter of judgement based on the facts and circumstance of each sale.

The Interpretations Committee observed that the following criteria in paragraph 8 of IFRS 5 represent events that must have occurred:

a. the appropriate level of management must be committed to a plan to sell the asset (or disposal group);
b. an active programme to locate a buyer and complete the plan must have been initiated; and
c. the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value.

The Interpretations Committee noted that the following criteria would be assessed based on expectations of the future, and their probability of occurrence would be included in the assessment of whether a sale is highly probable:

a. the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification (except as permitted by paragraph 9);
b. actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; and
c. the probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.

On the basis of the analysis above, the Interpretations Committee determined that, in the light of the existing IFRS requirements, sufficient guidance exists and that neither an Interpretation nor an amendment to a Standard was necessary. The Interpretations Committee consequently decided not to add this issue to its agenda.

IFRS 10 *Consolidated Financial Statements*—Effect of protective rights on an assessment of control

The Interpretations Committee received a request to clarify the guidance in IFRS 10. The query relates to protective rights and the effect of those rights on the power over the investee. More specifically, the submitter asked whether the assessment of control should be reassessed when facts and circumstances change in such a way that rights, previously determined to be protective, change (for example upon the breach of a covenant in a borrowing arrangement that causes the borrower to be in default) or whether, instead, such rights are never included in the reassessment of control upon a change in facts and circumstances.

The Interpretations Committee observed that paragraph 8 of IFRS 10 requires an investor to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The Interpretations Committee also observed that a breach of a covenant that results in rights becoming exercisable constitutes such a change. It noted that the Standard does not include an exemption for any rights from this need for reassessment. The Interpretations Committee also discussed the IASB's redeliberations of this topic during the development of IFRS 10 and concluded that the IASB's intention was that rights initially determined to be protective should be included in a reassessment of control whenever facts and circumstances indicate that there are changes to one or more of the three elements of control. Accordingly, the Interpretations Committee noted that the conclusion about which party controlled the investee would need to be reassessed after the breach occurred. It also noted that the reassessment may or may not result in a change to the outcome of the assessment of control, depending on the individual facts and circumstances.

The Interpretations Committee also concluded that it did not expect significant diversity in practice to develop following the implementation of the Standard. Consequently, the Interpretations Committee decided not to add this issue to its agenda.

IAS 32 *Financial Instruments: Presentation*—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 definition of an equity instrument in IAS 32 as long as the instrument does not establish an obligation to deliver cash (or another financial asset) indirectly through its terms and conditions. Paragraph 20(b) of IAS 32 provides the example that an indirect contractual obligation would be established if a financial instrument provides that on settlement the entity will deliver either cash or its own equity instruments whose value is determined to exceed substantially the value of the cash.

The Committee also acknowledged that financial instruments, in particular those that are more structured or complex, require careful analysis to determine whether they contain equity and non equity components that must be accounted for separately in accordance with IAS 32.

The Interpretations Committee noted that if the issuer has a contractual obligation to deliver cash, that obligation meets the definition of a financial liability.

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.

Interpretations Committee tentative agenda decision

The Interpretations Committee reviewed the following matter and tentatively decided that it should not be added to the Interpretations Committee's agenda. This tentative decision, including recommended reasons for not adding the items to the Interpretations Committee's agenda, will be reconsidered at the Interpretations Committee meeting in January 2014. Interested parties who disagree with the proposed reasons, or believe that the explanations may contribute to divergent practices, are encouraged to email those concerns by 20 November 2013 to ***ifric@ifrs.org****. Correspondence will be placed on the public record unless the writer requests confidentiality, supported by good reason, such as commercial confidence.*

IAS 29 *Financial Reporting in Hyperinflationary Economies*—Applicability of the concept of financial capital maintenance defined in terms of constant purchasing power units

The Interpretations Committee considered the following two questions:

a. 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* 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
b. if such use is permitted, whether the entity needs to apply IAS 29 to its financial statements prepared under 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 and that it is also used in the development of an accounting policy only when no IFRSs specifically apply to a particular transaction, other event or condition and no IFRSs 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 individual IFRSs. An entity is not permitted to apply a concept of capital maintenance that conflicts with the existing requirements in a particular IFRS, when applying that IFRS.

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.

Deliberation of comments received on proposals for narrow scope amendments

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*—Exposure Draft *Clarification of Acceptable Methods of Depreciation and Amortisation*

In December 2012, the IASB published for comment the Exposure Draft ED/2012/5 *Clarification of Acceptable Methods of Depreciation and Amortisation*—Proposed amendments to IAS 16 and IAS 38. The comment period ended on 2 April 2013.

At the July 2013 meeting, the Interpretations Committee was presented with a summary and an analysis of the 98 comment letters received on the Exposure Draft. The members of the Interpretations Committee expressed mixed views on the proposed amendments. However, they agreed that the focus of the amendments should remain on the principle that the method used for depreciation or amortisation should reflect the expected pattern of consumption of the future economic benefits embodied in the asset.

At the September 2013 meeting the Interpretations Committee discussed the staff recommendations to finalise the amendment to IAS 16 and IAS 38.

The Interpretations Committee recommended that the IASB should amend IAS 16 and IAS 38 to make the following clear:

a. the principle for depreciating assets and for amortising intangible assets. Paragraph 60 of IAS 16 and paragraph 97 of IAS 38 establish the consumption of the future economic benefits inherent in the asset as the principle for depreciation and amortisation;
b. that a method based on the generation of future economic benefits that does not reflect the consumption of the future economic benefits is inconsistent with the principle for depreciating assets and for amortising intangible assets; and
c. that the selection of an amortisation method in IAS 38 could be based on the determination of the limiting factor for the intangible asset; for example, a contract could be limited by a number of years (ie time) or a number of units produced or an amount of revenue earned.

The Interpretations Committee also discussed the componentisation of intangible assets on the basis of distinct expected future revenue streams but decided against recommending the inclusion of such guidance because of the potential complexity and potential unintended consequences.

A majority of the members of the Interpretations Committee thought that the IASB should proceed to finalise the proposed amendment on the basis explained above, however some of the members expressed some concerns about the proposed amendments. The staff will communicate these concerns to the IASB and will present the Interpretations Committee's recommendations to the IASB at a future meeting.

IAS 19 *Employee Benefits*—Exposure Draft *Defined Benefit Plans: Employee Contributions*

In March 2013, the IASB published for comment the Exposure Draft ED/2013/4 *Defined Benefit Plans: Employee Contributions*—Proposed amendments to IAS 19. The comment period ended on 25 July 2013.

At this meeting, the Interpretations Committee was presented with a summary and an analysis of the 63 comment letters received on the Exposure Draft.

The IASB proposed in the Exposure Draft that:

a. contributions from employees or third parties set out in the formal terms of a defined benefit plan may be recognised as a reduction in the service cost in the same period in which they are payable if, and only if, they are linked solely to the employee's service rendered in that period. An example would be contributions that are a fixed percentage of an employee's salary, so the percentage of the employee's salary does not depend on the employee's number of years of service to the employer; and
b. the negative benefit from contributions from employees or third parties should be attributed to periods of service in the same way that the gross benefit is attributed in accordance with paragraph 70, if the contributions are not recognised as a reduction in the service cost in the same period in which they are payable.

The majority of the respondents supported making amendments to IAS 19 but respondents requested further clarification of the proposed wording or more examples or application guidance to be added.

The Interpretations Committee decided to propose to the IASB that the IASB should proceed with the proposed amendments, subject to some amendments to the proposed wording.

In addition, the Interpretations Committee decided to propose to the IASB that re-exposure is not necessary, based on the re-exposure criteria and the mandatory effective date is set at 1 July 2014, with earlier application permitted, subject to the discussions at a future IASB meeting.

The staff will present the Interpretations Committee's recommendation at the September 2013 IASB meeting.

Issues considered for Annual Improvements

The Interpretations Committee assists the IASB in Annual Improvements by reviewing proposed improvements to Standards and making recommendations to the IASB. Specifically, the Interpretations Committee's involvement includes reviewing and deliberating issues for their inclusion in future Exposure Drafts of proposed Annual Improvements to IFRSs *and deliberating the comments received on the Exposure Drafts. When the Interpretations Committee has reached consensus on an issue included in Annual Improvements, the recommendation (including finalisation of the proposed amendment or removal from Annual Improvements) will be presented to the IASB for discussion, in a public meeting, before being finalised. Approved* Annual Improvements to IFRSs *(including Exposure Drafts and final Standards) are issued by the IASB.*

Issues considered for inclusion in the *Annual Improvements Cycle 2012-2014*

IFRS 2 *Share-based Payment*—Measurement of cash-settled share-based payment transactions that include a performance condition

The Interpretations Committee received a request to clarify the measurement of cash-settled share based payment transactions that include a performance condition. Specifically, the request is asking if a performance condition in a cash-settled share-based payment arrangement should be taken into account when measuring the cash settled share based payment in a consistent manner as it is in an equity-settled share-based payment arrangement.

The Interpretations Committee observed that:

a. IFRS 2 does not specifically address the impact of vesting conditions (including the effect of a performance condition) within the context of cash-settled share-based payment transactions;
b. paragraph 33 of IFRS 2 could be read as requiring that a cash settled share based payment must be measured by taking into account all the terms and conditions in the arrangement; and
c. the implementation guidance in Example 12 of IFRS 2 illustrates the measurement of a cash-settled share-based payment transaction that includes a service condition in a manner that is consistent with the measurement of equity-settled share-based payment transactions that include a service condition.

The Interpretations Committee tentatively decided that the measurement of cash-settled share-based payment transactions that include a performance condition should be consistent with the measurement of equity-settled awards that include a performance condition.

The Interpretations Committee asked the staff to draft a proposal for an annual improvement to IFRS 2 reflecting its conclusions at this meeting. The Interpretations Committee will discuss the staff proposals at a future meeting.

IFRS 7 *Financial Instruments: Disclosures*—Servicing contracts

The IASB issued *Disclosures—Transfers of Financial Assets* (Amendments to IFRS 7) (the transfer disclosures) in October 2010. The transfer disclosures amended IFRS 7 *Financial Instruments: Disclosures* to require an entity to disclose information related to the transfer of financial assets, including its continuing involvement in the transferred assets. The amendments to IFRS 7 also included a description of the term "continuing involvement" in paragraph 42C for the purpose of applying the transfer disclosures.

The Interpretations Committee received a request for clarification through an Annual Improvement on whether servicing contracts constitute continuing involvement for the purpose of the transfer disclosures.

In January 2013, the Interpretations Committee discussed the issue and recommended that the IASB should consider clarifying the requirements for continuing involvement in paragraph 42C of IFRS 7.

In February 2013, the IASB indicated that paragraph 42C includes servicing contracts in the transfer disclosure requirements. In the light of the IASB's discussion, in May 2013, the Interpretations Committee observed that an amendment should be made to IFRS 7 to clarify that the requirements in paragraph 42C(c) do not exclude servicing contracts from the transfer disclosures.

In this meeting, the Interpretations Committee decided to recommend to the IASB that it should amend IFRS 7 through an Annual Improvement by adding guidance to the Application Guidance of IFRS 7. This additional guidance would clarify how the principle in paragraph 42C of IFRS 7 is applied to a servicing contract for purposes of the transfer disclosure requirements.

Issues considered for narrow-scope amendments

IFRS 2 *Share-based Payment*—Accounting for share-based payment transactions in which the manner of settlement is contingent on a future event that is outside the control of both the entity and the counterparty

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 regarding the classification of share-based payment transactions in which the manner of settlement is contingent on a future event that is outside the control of both the entity and the counterparty.

In the May 2013 meeting, the Interpretations Committee noted that IFRS 2 does not provide specific guidance on the share-based payment transaction described above. Paragraphs 34-43 of IFRS 2 provide guidance only on share-based payment transactions in which the terms of the arrangements provide the counterparty or the entity with a choice of settlement. In addition, the Interpretations Committee observed that it is unclear which guidance in other Standards or the Conceptual Framework would be the best analogy for the share-based payment transaction.

In this meeting, the staff provided the Interpretations Committee with approaches to amending IFRS 2 so that the Interpretations Committee could consider whether IFRS 2 could or should be amended to address the diversity in practice on this issue.

The Interpretations Committee noted that the terms and conditions of the arrangement state that the share-based payment will be settled either in cash or in equity instruments in its entirety and that no parties to the arrangement have control over the manner of settlement. Accordingly, the Interpretations Committee observed that the share-based payment should be classified as either cash-settled or equity-settled in its entirety depending on which outcome is probable.

The Interpretations Committee also discussed the accounting for a change in classification of the share based payment arising from a change in the most likely settlement method. A majority of the members of the Interpretations Committee thought that the change in classification should be accounted for by recording a cumulative adjustment at the point in time that the change in classification occurs, in such a way that the cumulative cost will be the same as if the change in classification had occurred at the inception of the arrangement.

On the basis of the discussions above, the Interpretations Committee decided to recommend to the IASB that it should amend IFRS 2 in a narrow-scope amendment project by adding guidance in line with the approach described above.

Interpretations Committee's work in progress

IFRS 2 *Share-based Payment*—Price difference between the institutional offer price and the retail offer price for shares in an initial public offering

The Interpretations Committee received a request to clarify how an entity should account for a price difference between the institutional offer price and the retail offer price for shares issued in an initial public offering (IPO).

The submitter states that the final retail offer price could be different from the institutional offer price because of:

a. an intentional difference arising from a discount given to retail investors as indicated in the prospectus; or
b. an unintentional difference arising from the book-building process.

The submitter asked the Interpretations Committee to clarify whether the difference between the institutional offer price and the retail offer price for shares issued in an IPO should be analysed within the scope of IFRS 2 *Share-based Payment*.

The Interpretations Committee discussed the views presented by the staff to account for the price difference.

The Interpretations Committee tentatively observed that in the particular fact pattern submitted, the entity is not obtaining goods or services from the retail investor. Consequently, the guidance in IFRS 2 would not apply to account for the price difference between shares issued to retail investors and the shares issued to institutional investors. Instead, it tentatively observed that the price difference would be accounted for in accordance with IAS 32 *Financial Instruments: Presentation*. In this respect it observed that for the shares issued to retail investors and for the shares issued to institutional investors, the amount recorded in equity should be the proceeds received less any transaction costs of the equity transaction in accordance with paragraph 35 of IAS 32.

The Interpretations Committee tentatively decided that the agenda criteria were not met for this submission because the issue does not appear to be widespread. Consequently, it asked the staff to prepare a tentative agenda decision for discussion at its November 2013 meeting.

IFRS 3 *Business Combinations*—Acquisition of control over a joint operation

The Interpretations Committee received a request to clarify the accounting for the acquisition of an additional interest in a joint operation that is not structured through a separate vehicle, if the acquisition of the additional interest results in the acquirer obtaining control over the business of the joint operation. In particular, the question raised by the submitter was whether the previously held interest in the assets and liabilities of the joint operation is re-measured to its fair value at the date when control is obtained over the joint operation.

The issue arises because paragraphs 41 and 42 of IFRS 3 (revised 2008) only give explicit guidance for the acquisition of control over a business that is held through an equity interest.

The Interpretations Committee decided not to address this issue as part of a separate project but to consider it together with other issues that were raised with the Interpretations Committee in relation to joint arrangements.

The staff will present a combined analysis of these issues and a recommendation at a future meeting.

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*—Write-down of a disposal group and reversal of impairment losses relating to goodwill recognised for a disposal group

The Interpretations Committee discussed two issues related to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The first issue is about how to recognise an impairment loss for a disposal group classified as held for sale in accordance with IFRS 5. This issue arises in a circumstance in which the difference between the carrying amount of a disposal group and its fair value less costs to sell (FVLCTS) exceeds the carrying amount of the non-current assets in the disposal group that are within the measurement requirements of IFRS 5.

The Interpretations Committee could not reach a consensus on this issue. Some members observed that the requirements in paragraph 15 of IFRS 5 (ie to measure a disposal group at the lower of its carrying amount and fair value less costs to sell) sets out the principle. They also noted that the requirements in paragraph 23 of IFRS 5 (ie to allocate an impairment loss to the non-current assets in a disposal group that are within the scope of the measurement requirements of IFRS 5) provides guidance on applying the principle. Other members, however, thought that the requirements of paragraph 23 of IFRS 5 contradict the requirements of paragraph 15.

The Interpretations Committee also noted that there are differing views among its members about whether the disposal group should be viewed as one single asset or one single liability instead of as a group of assets and liabilities (ie 'unit of account' issue).

The second issue is about whether a subsequent increase in FVLCTS of a disposal group (ie reversal of a past impairment) should be recognised if it relates to an impairment loss that had been recorded against goodwill in the disposal group classified as held for sale in accordance with IFRS 5.

The Interpretations Committee also had preliminary discussion on the second issue but again identified differing views among the Interpretations Committee members.

In the light of these differing views among its members, the Interpretations Committee asked the staff to:

a. look at these issues along with other IFRS 5 issues that the IASB had previously considered but not addressed;
b. consult current and former IASB staff and members who were involved with the development of IFRS 5; and
c. analyse the issues discussed using more complex fact patterns that illustrate further the interaction between non-current assets, current assets and liabilities in the disposal group.

The staff will present this further work at a future meeting.

Interpretations Committee's other work

IFRS 2 *Share-based Payment*—Accounting for share-based payment transactions in which the manner of settlement is contingent on a future event that is within the control of the counterparty

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 regarding the classification of share-based payment transactions in which the manner of settlement is contingent on a future event that is within the control of the counterparty.

In this meeting, the Interpretations Committee noted that the results of additional outreach indicate that share based payment transactions in which the manner of settlement is contingent on a future event that is within the control of the counterparty are not significantly widespread. Accordingly, the Interpretations Committee confirmed the previous decision in January 2010 that it should not add this issue to its agenda.

Post-implementation Review (PiR) of IFRS 3 *Business Combinations*

The staff presented the IASB's plans for the PiR of IFRS 3, including the IASB's tentative decision that the scope of the PiR will entail the whole Business Combinations project, which resulted in the issuance of IFRS 3 (2004), IFRS 3 (2008) and any resulting consequential amendments to other Standards.

The staff also presented to the Interpretations Committee its initial assessment of the areas in which the implementation of IFRS 3 may have been challenging. The initial assessment includes matters that were controversial when the Standard was being developed; however, the PiR might reveal that those matters no longer represent concerns for entities applying IFRS 3. The Interpretations Committee members suggested additional areas that it thought that the IASB should consider in its initial assessment.

The staff intend to bring the results of the planned consultations and activities to the IASB meeting in November 2013 together with proposals as to which issues the IASB should focus on during the second phase of the PiR.

Interpretations Committee work in progress update

The Interpretations Committee received a report on six new issues and two ongoing issues for consideration at future meetings. The report also included two issues that are on hold, and that will be considered again at future meetings. With the exception of those issues, all requests received and considered by the staff were discussed at this meeting.

Review of the Interpretations Committee's activity

The Interpretations Committee received a report of the number and types of issues undertaken over recent years and how those issues had been addressed. This report included a summary of its activities to date in 2013 and a comparison with respect to previous years. This analysis will be updated at the end of the year. The Interpretations Committee asked the staff to consider what other analysis could be performed to assess how well the Interpretations Committee is meeting its objectives.

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