IFRS

STAFF PAPER

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IFRS® Interpretations Committee Meeting

Project	**Costs considered in assessing whether a contract is onerous (IAS 37)**
Paper topic	Items on the current agenda

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Introduction

1. The IFRS Interpretations Committee (Committee) received a request asking about the costs an entity considers when assessing whether a contract is onerous applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

2. The Committee discussed this request at its meetings in June and September 2017. In September 2017 the Committee decided to research possible narrow-scope standard-setting aimed at addressing the question.

3. This paper considers:

    (a) the scope of any new requirements—the range of contracts to which any new requirements should apply (paragraphs 17–30);

    (b) the scope of a possible standard-setting project—whether to limit the scope to clarifying which costs an entity considers when assessing whether a contract is onerous, or to widen the scope by either:

        (i) also addressing measurement of onerous contracts (paragraphs 31–43); or

        (ii) also clarifying which 'economic benefits' an entity considers when assessing whether a contract is onerous (paragraphs 44–50);

(c) the form of possible standard-setting—whether to develop a draft Interpretation or narrow-scope amendments to IAS 37 (paragraphs 51–59); and

(d) the Committee's agenda criteria—whether the Committee should proceed with a standard-setting project (paragraphs 60–66).

Summary of staff recommendations in this paper

4. We recommend that, if the Committee decides to add a project to its standard-setting agenda:

   (a) any new requirements should apply to all onerous contracts within the scope of IAS 37, not only contracts within the scope of IFRS 15 *Revenue from Contracts with Customers*;

   (b) the scope of the project should be restricted to clarifying the requirements for identifying onerous contracts. The scope should not include adding requirements for measuring onerous contracts;

   (c) the scope of the project should be to clarify only the term 'unavoidable costs' in the IAS 37 definition of an onerous contract—the scope should not include clarifying other aspects of the definition, such as the meaning of the phrase 'economic benefits expected to be received'; and

   (d) the form of its standard-setting activity should be a narrow-scope amendment to IAS 37.

5. We have concluded that a project of this scope and form meets the Committee's agenda criteria. Consequently, we also recommend that the Committee add a project to its standard-setting agenda.

Background information

6. The Committee received a request asking about the costs an entity considers when assessing whether a contract is onerous applying IAS 37. In particular, the submitter asked about the application of IAS 37 to contracts with customers that

were previously within the scope of IAS 11. For financial periods beginning on or after 1 January 2018, such contracts will be within the scope of IFRS 15.

7. IAS 11 contained specific requirements on the costs an entity includes and does not include in identifying, recognising and measuring an onerous contract liability for contracts that were in its scope.

8. In contrast, IFRS 15 does not include requirements for identifying and measuring onerous contract liabilities. Instead, as noted in paragraphs 5(g) of IAS 37 and BC296 of IFRS 15, an entity applies paragraphs 66–69 of IAS 37 in assessing whether a contract to which it applies IFRS 15 is onerous. Accordingly, the Committee concluded that, when determining which costs to include in assessing whether such a contract is onerous, the entity does not apply the previous requirements in IAS 11 on contract costs, and nor does it apply the requirements in IFRS 15 on costs that relate directly to a contract.

9. Paragraph 68 of IAS 37 includes the definition of an onerous contract. In assessing whether a contract is onerous, an entity compares the unavoidable costs of meeting the obligations under the contract to the economic benefits expected to be received under it. The unavoidable costs under the contract are the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract. Once identified, an entity recognises and measures an onerous contract as a provision.

10. In June 2017, the Committee published a tentative agenda decision highlighting two possible ways of reading 'unavoidable costs' in paragraph 68 of IAS 37:

    (a) unavoidable costs are the costs that an entity cannot avoid because it has the contract. Such costs would include, for example, an allocation of overhead costs if those costs are incurred for activities required to complete the contract.

    (b) unavoidable costs are the costs that an entity would avoid if it did not have the contract. Such costs are often referred to as 'incremental costs'.

11. The tentative agenda decision also explained that the Committee:

(a) had considered whether to add a project to its standard-setting agenda to eliminate one of the two possible ways of interpreting the requirements; but

(b) had decided that amending some of the requirements on onerous contracts would require a comprehensive review of all the onerous contract requirements; and

(c) with this in mind, had concluded that it would be unable to resolve the matter efficiently within the confines of existing IFRS Standards.

12. Eleven of 12 respondents to this tentative agenda decision opposed the tentative agenda decision, taking the view that the Committee should undertake narrow-scope standard-setting to reduce the possible ways of reading the requirements in paragraph 68 of IAS 37 to one. Respondents said the impending application of IFRS 15, which will bring additional contracts into the scope of the IAS 37 requirements for onerous contracts, makes standard-setting necessary and urgent.

13. The Board has a project to amend IAS 37 in its research pipeline. Projects in the research pipeline are not currently active, but the Board expects to start, or restart, work on them before the next Agenda Consultation, which is expected to start around 2021. The Board has identified a variety of problems with IAS 37, including the diverse interpretations of the term ‘unavoidable costs’ for identifying onerous contracts (see Agenda paper 14B to the July 2015 Board meeting). However, the Board has not yet decided the extent and nature of any standard-setting that it may undertake. In addition, the Board’s project will not be completed (and may not even become active) for some time.

14. In September 2017, the Committee considered the feedback received on its tentative agenda decision, and the uncertain scope and timescale of the Board’s project to amend IAS 37. The Committee also noted that a possible project to clarify the term ‘unavoidable costs’ in paragraph 68 of IAS 37 would be a discrete project that would encompass only a small part of the Board’s wider project, and thus should be capable of being completed on a more timely basis. Taking all

these factors into account, the Committee decided to research possible narrow-scope standard-setting to clarify the term ‘unavoidable costs’.

15. Some respondents to the tentative agenda decision highlighted matters they thought the Committee should consider as part of a project to clarify the term ‘unavoidable costs’. We have summarised suggestions included in paragraph 30 of Agenda Paper 5D to the September 2017 Committee meeting below:

    (a) restrict the scope of any new requirements to onerous contracts within the scope of IFRS 15 (rather than all onerous contracts within the scope of IAS 37);

    (b) clarify the IAS 37 measurement requirements for onerous contracts; and

    (c) clarify the meaning of both ‘unavoidable costs’ and ‘economic benefits’ in the definition of an onerous contract in IAS 37.

16. We consider these suggestions in the remainder of this paper.

The range of contracts to which any new requirements should apply

Introduction

17. The first question considered in this paper is whether the Committee should consider standard-setting only for onerous contracts within the scope of IFRS 15, or for all onerous contracts within the scope of IAS 37.

Comments received

18. Two respondents to the tentative agenda decision suggested restricting the scope of any new requirements to contracts within the scope of IFRS 15:

    (a) The Accounting Standards Board of Japan (ASBJ) suggested that, if a ‘full cost’ approach were required for all contracts within the scope of IAS 37, it is likely that the number of contracts identified as onerous would increase (which some ASBJ members say is an undesirable outcome). Restricting the scope of any new requirements to contracts within the scope of IFRS 15 would mean that other contracts within the scope of IAS 37 would not be affected.

(b) KPMG put forward two arguments:

(i) in reaching its tentative decision not to add a project to its standard-setting agenda, the Committee had concluded that it may not be able to clarify the meaning of 'unavoidable costs' without a more a comprehensive review of all the onerous contract requirements (see paragraph 11(b)). However, some of the other questions that the Committee might feel it would need to address (such as the meaning of the term 'economic benefits') do not usually affect contracts within the scope of IFRS 15: they usually arise in relation to other contracts within the scope of IAS 37.

(ii) a major source of current diversity is operating lease contracts. The application of IFRS 16 *Leases* will eliminate this diversity.

Staff analysis

19. As noted in paragraph 8, IFRS 15 does not include requirements for identifying and measuring onerous contract liabilities. Instead, it requires entities to apply IAS 37. If the Committee were to develop requirements solely for onerous contracts within the scope of IFRS 15, it could do so by proposing amendments to IFRS 15, adding requirements to that Standard.

20. In contrast, requirements that applied to all onerous contracts within the scope of IAS 37 would require an amendment to, or interpretation of, IAS 37.

Advantages of restricting new requirements to contracts within the scope of IFRS 15

21. In favour of restricting new requirements to contracts within the scope of IFRS 15, it could be argued that the submission to the Committee specifically asked about the application of IAS 37 to contracts that were previously within the scope of IAS 11. New questions have arisen because, for financial periods beginning on or after 1 January 2018, entities will account for such contracts

applying IFRS 15. To address the new questions, the only contracts for which it is necessary to develop requirements are contracts within the scope of IFRS 15.

22. Furthermore, the onerous contract requirements in IAS 37 apply to a wide range of contracts other than those previously within the scope of IAS 11. For those other contracts, entities have developed accounting policies applying their interpretation of ‘unavoidable costs’. The staff have not identified the full range of interpretations applied in practice so cannot quantify the practical consequences of introducing more specific requirements. Restricting the scope of any new requirements to contracts within the scope of IFRS 15 would avoid potentially disruptive changes in accounting policies for contracts within the scope of IAS 37 but not IFRS 15.

23. However, there are three reasons why this advantage might have limited practical effect:

(a) IFRS 15 applies to more contracts than were previously within the scope of IAS 11. IAS 11 applied to construction contracts and contracts that an entity accounted for using the percentage of completion method. IFRS 15 applies to all contracts with customers except those listed in paragraph 5 of IFRS 15. Therefore, there could be disruption for some entities, even if the new requirements were restricted to contracts within the scope of IFRS 15.

(b) It is possible that preparers of financial statements would consider any requirements for onerous contracts in IFRS 15 when interpreting the requirements of paragraph 68 of IAS 37. Therefore entities may apply any new requirements more widely than intended by the Committee.

(c) We understand that operating leases make up a significant proportion of the contracts identified as onerous applying the onerous contract requirements in IAS 37. During its research into the possible problems with IAS 37, the Board noted that the volume of leases entities account for as operating leases will decrease significantly when IFRS 16 becomes effective on 1 January 2019 (see paragraph 4.7 of Agenda Paper 14B to the Board’s July 2015 meeting). Therefore, there will then be fewer contracts outside the scope of IFRS 15 that any changes to the onerous contract requirements in IAS 37 could affect.

Advantages of developing new requirements for all onerous contracts within the scope of IAS 37

24. There could be two advantages to developing requirements that would apply to all onerous contracts within the scope of IAS 37.

25. First, applying new requirements to all onerous contracts within the scope of IAS 37 would enhance comparability:

    (a) the types of cost included in determining whether a contract is onerous would be the same, irrespective of whether the contract is within the scope of IFRS 15; and

    (b) clarifying the meaning of the term ‘unavoidable cost’ could reduce any existing diversity in the interpretation of that term for contracts that have always been within the scope of IAS 37 (ie contracts other than those previously within the scope of IAS 11).

    Although some entities might have to change their accounting policies (see paragraphs 22–22), the benefits of increased comparability could outweigh the costs of the disruption.

26. Secondly, the Board and the US Financial Accounting Standards Board (FASB) worked together to develop IFRS 15 and the US GAAP equivalent (Topic 606). They discussed whether to include requirements for onerous contracts. In paragraphs 86–90 of the November 2011 Exposure Draft *Revenue from Contracts with Customers* (the 2011 ED), the Boards proposed requirements for onerous performance obligations.

27. Respondents to the 2011 ED suggested, however, that the Board require the application of IAS 37 to such contracts because the requirements for recognition of onerous contracts are already sufficiently addressed in that Standard. Those respondents commented that the onerous test in IAS 37 and the requirements in IAS 2 *Inventories* already provide sufficient requirements for determining when to recognise losses arising from contracts with customers.

28. After considering the comments received from respondents, the Board and the FASB decided not to include these requirements in the final Standard. The Basis for Conclusions accompanying IFRS 15 explains:

> BC296 The boards agreed that existing requirements in both IFRS and US GAAP could adequately identify onerous contracts. Furthermore, the boards noted that although their existing requirements for onerous contracts are not identical, they are not aware of any pressing practice issues resulting from the application of those existing requirements. Consequently, the boards decided that IFRS 15 should not include an onerous test. Instead, entities applying IFRS or US GAAP will use their respective existing requirements for the identification and measurement of onerous contracts.

29. Consequently, amending IFRS 15 to include requirements for onerous contracts in its scope would have two disadvantages:

    (a) it would require the Board to reconsider its previous decision. We are unconvinced that there is sufficient new information available at the current time that would cause the Board to change its previous decision.

    (b) amending IFRS 15 to include requirements for onerous contracts would cause the Standard to diverge from US GAAP Topic 606. (Although the IAS 37 requirements for onerous contracts are different from those in US GAAP, IFRS 15 and Topic 606 are consistent in that both require entities to apply other requirements.)

Staff conclusion and recommendation

30. For the reasons in paragraphs 23–29 of this paper, the staff recommend that, if the Committee decides to add a project to its standard-setting agenda, any new requirements should apply to all onerous contracts within the scope of IAS 37, not only contracts within the scope of IFRS 15. This could be achieved by amending or interpreting the requirements in IAS 37.

Question 1 for the Committee
Does the Committee agree that, if the Committee decides to add a project to its standard-setting agenda, any new requirements should apply to all onerous contracts within the scope of IAS 37, not only contracts within the scope of IFRS 15?

Scope of a possible standard-setting project—measurement of onerous contracts

Introduction

31. IAS 37 defines an onerous contract as 'a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it'. Paragraph 66 of IAS 37 requires an entity to recognise and measure an onerous contract as a provision. The measurement requirements for provisions are included in paragraphs 36–52 of IAS 37.

32. During its research into possible problems with IAS 37, the Board noted, among other things, that IAS 37 says little about which costs to include in a provision, leaving scope for diversity in practice.[1]

33. In its response to the tentative agenda decision, EY said IAS 37 contains only 'limited guidance for measuring an onerous contract'. EY suggested that this lack of requirements could compound the risk of diversity created by identifying two different interpretations of 'unavoidable' in the tentative agenda decision.

34. It could be argued that the costs and economic benefits used to measure an onerous contract provision should be the same as those used to identify the contract as onerous.

35. The Committee could add a statement to this effect to IAS 37.

[1] IASB meeting July 2015 Agenda paper 14B *Research—provisions, contingent liabilities and contingent assets (IAS 37), Possible problems with IAS 37*, paragraphs 3.11–3.14.

Staff analysis

Advantages of addressing measurement of onerous contracts

36. Requiring an entity to measure an onerous contract provision using the same measures of costs and economic benefits as it used to identify the contract as onerous could be a simple addition to IAS 37.

37. In addition, the statement would apply only to onerous contracts and thus have no direct consequences for the measurement of other provisions. As noted in paragraph 31 of this paper, the measurement requirements for provisions are included in paragraphs 36–52 of IAS 37. These requirements do not use the term 'unavoidable cost'. The Committee could decide to add a statement about measurement of onerous contract provisions without significantly broadening the scope of any standard-setting activity it conducts.

Disadvantages of addressing measurement of onerous contracts

38. However, there could be several arguments against adding a statement about measurement of onerous contracts.

39. First, the request submitted to the Committee was to clarify the meaning of 'unavoidable costs' in paragraph 68 of IAS 37. Broadening the scope of any possible standard-setting activity could cause the project to take longer. As noted in paragraph 11 of this paper, respondents to the tentative agenda decision highlighted an urgent need for requirements on this topic. Any delays would be undesirable.

40. Secondly, there may be no need to clarify the measurement requirements for onerous contract provisions. EY suggested that requirements on measurement might be needed if an agenda decision identified two possible interpretations of 'unavoidable costs'. If the Committee decides to reduce the diversity by clarifying the term 'unavoidable costs', it may not need to add any statements on measurement: it could be argued that it is unlikely an entity would apply new requirements on 'unavoidable costs' when identifying onerous contracts, but then disregard those requirements when measuring any resulting provision.

41. Thirdly, even though a statement about measurement of onerous contract provisions should not have consequences for measurement of other provisions within the scope of IAS 37 (see paragraph 37), there is a risk it would have unintended consequences. Any clarification by the Committee on how to measure onerous contracts could be used by those seeking to interpret the measurement requirements for other provisions, in the absence of more specific requirements in IAS 37. If this were a possible outcome of adding a statement on measurement, adding such a statement could significantly widen the scope of the project.

Staff conclusion and recommendation

42. We think the potential disadvantages of addressing measurement requirements for onerous contracts outweigh any potential benefits from clarifying them.

43. Therefore, we recommend that, if the Committee decides to add a project to its standard-setting agenda, the scope of the project should be restricted to clarifying the requirements for identifying onerous contracts—the scope should not include adding requirements for measuring onerous contracts.

Question 2 for the Committee
Does the Committee agree that, if the Committee decides to add a project to its standard-setting agenda, the scope of the project should be restricted to clarifying the requirements for identifying onerous contracts—the scope should not include adding requirements for measuring onerous contracts?

Scope of a possible standard setting project—economic benefits

Introduction

44. IAS 37 defines an onerous contract as 'a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits received under it'.

45. Identifying onerous contracts therefore involves comparing a measure of 'unavoidable costs' with a measure of 'economic benefits'.

46. In its response to the tentative agenda decision, Mazars suggested that a standard-setting project to clarify the meaning of the term 'unavoidable costs' should also clarify the meaning of the phrase 'economic benefits expected to be received under the contract'. They suggested this is also a key question that needs to be answered as soon as possible.

47. Acteo, an association of French preparers, also said the identification of costs is not the only matter to be considered in assessing whether a contract is onerous. Acteo suggested that a project on onerous contracts should include a comprehensive review of all the requirements of onerous contracts.

Staff analysis

Advantages of addressing 'economic benefits'

48. In favour of clarifying the meaning of the term 'economic benefits' as well as the term 'unavoidable costs' it could be argued that:

(a) there is evidence of questions on this matter. For example, during its research into possible problems with IAS 37, the Board noted it had previously received requests to clarify whether the term 'economic benefits' should be interpreted narrowly (ie to include only the economic benefits to which the entity becomes directly entitled under the contract), or more broadly (ie to include other expected indirect benefits, such as access to future profitable contracts).[2]

(b) identifying onerous contracts requires a comparison of two amounts—unavoidable costs and economic benefits. Clarifying how to interpret one term but not the other could result in diversity continuing to exist in how entities determine whether a contract is onerous. Clarifying both terms would resolve this problem.

[2] IASB meeting July 2015 Agenda paper 14B *Research—provisions, contingent liabilities and contingent assets (IAS 37), Possible problems with IAS 37*, paragraph 4.6(b).

Disadvantages of addressing 'economic benefits'

49. In favour of restricting the scope of any standard-setting activity to clarification of the term 'unavoidable costs', it could be argued that:

(a) the trigger for the submission to the Committee was the replacement of IAS 11 with IFRS 15. New questions arise for entities using these Standards only because of the removal of requirements for measuring the cost side of the formula.

(b) as respondents to the tentative agenda decision highlighted, the imminent effective date of IFRS 15 means that questions about costs need to be resolved urgently. Difficult questions can arise in identifying the 'economic benefits expected to be received' under a contract. Clarifying the meaning of that phase could therefore significantly increase the amount of research, discussion and consultation required to complete a standard-setting project, and thus delay completion of the project.

Conclusion

50. For the reasons noted in paragraph 49, we recommend that, if the Committee decides to add a project to its standard-setting agenda, the scope of the project should be to clarify only the term 'unavoidable costs' in the IAS 37 definition of an onerous contract. The scope should not include clarifying other aspects of the definition, such as the meaning of the phrase 'economic benefits expected to be received'.

Question 3 for the Committee
Does the Committee agree that, if the Committee decides to add a project to its standard-setting agenda, the scope of the project should be to clarify only the term 'unavoidable costs' in the IAS 37 definition of an onerous contract?

Form of possible standard-setting

Introduction

51. When the Committee has decided upon the scope of a possible project, it will next need to decide the form of its standard-setting activity. The Committee could develop a draft Interpretation of IAS 37, or propose amendments to IAS 37. Amendments could be made as part of the annual improvements process or as a separate narrow-scope project.

52. An Interpretation specifies how to account for particular transactions applying existing requirements, without changing those requirements.

53. Amendments made as part of the annual improvements process are limited to changes that either clarify the wording in a Standard or correct relatively minor unintended consequences, oversights or conflicts between existing requirements of Standards.

54. All other narrow-scope standard-setting undertaken is in the form of a narrow-scope amendment to a Standard.

Staff analysis

55. Following the staff recommendations above, the scope of a standard-setting project would be to clarify the meaning of the term ‘unavoidable costs’ in IAS 37.

56. We think an Interpretation would not be the most appropriate form of standard-setting for a project of this scope. This is because:

    (a) clarifying the meaning of ‘unavoidable costs’ would add new requirements to IAS 37 that would apply to all onerous contracts rather than specify how existing requirements should apply to particular types of onerous contracts.

    (b) research conducted so far suggests that clarifying the term ‘unavoidable costs’ could require no more than a few sentences of additional text—perhaps not much more than one or other of the two alternative descriptions set out in the tentative agenda decision (see paragraph 10).

In which case, the necessary clarifications could easily be inserted into IAS 37, without disrupting the structure of the Standard. We think it would be beneficial for stakeholders to clarify the meaning of the term 'unavoidable costs' next to the definition of an onerous contract, within which that term is used.

57. If an Interpretation is not the most appropriate form of standard setting, the alternative would be to develop amendments to IAS 37, either as part of the annual improvements process or as a separate narrow-scope project.

58. We think amendments to clarify the meaning of the term 'unavoidable costs' in IAS 37 would be too significant to be made as part of the annual improvements process. Diverse views on the meaning of 'unavoidable costs' mean that any amendments would do more than clarify 'wording' or correct a minor unintended consequence or oversight. Clarifying the meaning of 'unavoidable costs' could have a significant effect on the costs entities use to determine if a contract is onerous.

Staff recommendation

59. For the reasons in paragraphs 55–58, we recommend that if the Committee decides to add a project to its standard-setting agenda, the form of its standard-setting activity should be a project to develop a narrow-scope amendment to IAS 37.

Question 4 for the Committee
Does the Committee agree that, if the Committee decides to add a project to its standard-setting agenda, the form of its standard-setting activity should be a project to develop narrow-scope amendments to IAS 37?

Should the Committee proceed with a narrow-scope project?

Introduction

60. The submission asked the Committee to clarify which costs an entity considers when assessing whether a contract is onerous applying IAS 37. Paragraphs 39–47 of [Agenda Paper 4](#) to the June 2017 Committee meeting considered whether such a project would satisfy the Committee's agenda criteria set out in paragraphs 5.16–5.17 of the *Due Process Handbook*. The staff concluded that one of the criteria was not met. Specifically, the staff took the view that the benefits of a narrow-scope project that focused only on clarifying the term 'unavoidable costs' may not be sufficient to outweigh the costs. As a result, we concluded that any potential standard-setting considered by the Committee would need to be broader than clarifying 'unavoidable costs'. We thought, however, such a project would not be sufficiently narrow in scope to be resolved efficiently.

61. We concluded that all other agenda criteria were met. We continue to think the request meets all other agenda criteria.

Staff Analysis

62. Eleven of the 12 respondents to the tentative agenda decision disagreed with the tentative decision, suggesting that standard-setting is necessary to avoid the diversity in practice that could arise when entities apply IFRS 15. We think this demonstrates that the benefits to stakeholders of a narrow-scope project to clarify the meaning of the term 'unavoidable costs' would outweigh the costs of a project.

63. Therefore, we now think that a narrow-scope project to clarify the term 'unavoidable costs' would meet the Committee's agenda criteria outlined in paragraphs 5.16-5.17 of the *Due Process Handbook*.

Staff recommendation

64. If the Committee agrees with the staff recommendations in the remainder of this paper, the Committee would develop a narrow-scope amendment to IAS 37 to

clarify the meaning of the term ‘unavoidable costs’ in the IAS 37 definition of an onerous contract.

65. As noted in paragraphs 60–63 of this paper we think that this project would meet the Committee’s agenda criteria. Thus, we recommend that the Committee adds a project to its standard-setting agenda.

Question 5 for the Committee
Does the Committee agree with our recommendation to add a project to its standard-setting agenda?

Next steps

66. As discussed at the September 2017 Committee meeting, we think it is important that the Board is kept informed of work the Committee is doing that could affect, or be affected by, the Board’s project to amend IAS 37. We, therefore, think if the Committee decides to add a project to amend or interpret an aspect of IAS 37 to its standard-setting agenda, the Committee should ask the Board whether it agrees with the scope and form of the project the Committee proposes to undertake. The Committee could also ask the Board for advice for its future discussions about the technical content of the proposed amendment to IAS 37 to clarify the meaning of ‘unavoidable costs’.