NEWSLETTER OF THE INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE

IASB IFRIC UPDATE

May 2009

IFRIC Update *is published as a convenience to the IASB's constituents. All conclusions reported are tentative and may be changed or modified at future IFRIC meetings.*

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

The IFRIC met in London on 7 May 2009, when it discussed:

- Agenda decisions
- Tentative agenda decisions
- Work in progress

IFRIC agenda decisions

The following explanation is published for information only and does not change existing IFRS requirements. *IFRIC agenda decisions are not Interpretations. IFRIC Interpretations are determined only after extensive deliberation and due process, including a formal vote. IFRIC Interpretations become final only when approved by nine of the fourteen members of the IASB.*

IAS 12 *Income taxes*—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 16 *Property, Plant and Equipment*—Disclosure of idle assets and construction in progress

The IFRIC received a request for more guidance on the extent of required disclosures relating to property, plant and equipment temporarily idle or assets under construction when additional construction has been postponed. In accordance with 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 38 *Intangible Assets*—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.

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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 39 *Financial Instruments: Recognition and Measurement*—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 *Financial instruments: Recognition and Measurement*—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 41 *Agriculture*—Discount rate assumption used in fair value calculations

The IFRIC received a request for guidance on how an entity should determine an appropriate discount rate when the fair value of biological assets is estimated as the present value of expected net cash flows. The request noted that IAS 41 provides only limited guidance in these circumstances.

The IFRIC noted that the objective of 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.

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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.

IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*—voluntary prepayments

As a result of comment letters received on another issue related to IFRIC 14, the IFRIC noted that requirements in IFRIC 14 may produce unintended consequences in some circumstances in the treatment of voluntary prepaid contributions under a minimum funding requirement.

At its meeting in November 2008 the IFRIC decided to add this issue to its agenda and expected to propose amendments to the wording of paragraph 22 of IFRIC 14. At the Board's meeting in January 2009, however, the Board decided to proceed with its own project to amend IFRIC 14 to address the issue. Consequently, the IFRIC decided to remove the issue from its agenda.

Tentative agenda decisions

The IFRIC reviewed the following matters and tentatively decided that they should not be added to the IFRIC agenda. These tentative decisions, including recommended reasons for not adding the items to the IFRIC agenda, will be reconsidered at the IFRIC meeting in July 2009. Constituents who disagree with the proposed reasons, or believe that the explanations may contribute to divergent practices, are encouraged to communicate those concerns by 22 June 2009 by email to: ifric@iasb.org. Communications will be placed on the public record unless the writer requests confidentiality, supported by good reason, such as commercial confidence.

IFRS 3 *Business Combinations*—Acquisition-related costs in a business combination

The IFRIC has received requests to clarify the treatment of acquisition-related costs that the acquirer incurred before it applies IFRS 3 (as revised in 2008) that relate to a business combination that is accounted for according to the revised standard.

In accordance with the revised IFRS 3, because acquisition-related costs are not part of the exchange transaction between the acquirer and the acquiree (or its former owners), they are not considered part of the business combination. Therefore, except for costs to issue debt or equity securities that are recognised in accordance with IAS 32 and IAS 39, the revised IFRS 3 requires an entity to account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. . In contrast, IFRS 3 (as issued in 2004) required the acquisition-related costs to be included in the cost of a business combination.

The IFRIC noted that more than one interpretation of how the requirements of the two standards interact is possible. Accordingly, the IFRIC concluded that an entity should disclose its accounting policy for such costs and the amount recognised in the financial statements. Because this is a transitional issue that will not arise for accounting periods beginning on after 1 July 2009, the IFRIC [decided] not to add the issue to its agenda.

IFRS 3 *Business Combinations*— Early Application of IFRS 3

The IFRIC has received requests to clarify whether IFRS 3 (as revised in 2008) must be applied from the beginning of an annual period if it is adopted early.

The IFRIC noted that paragraph 64 of IFRS 3 (as revised in 2008) requires the revised standard to be applied for the whole annual period if it is applied early.

The IFRIC also noted that the question of whether an entity can decide during a reporting period to apply a revised IFRS early is not unique to the revised IFRS 3. The IFRIC observed that this question should be answered in accordance with the general principles in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, if an entity chooses to apply the revised standard early, it must apply it to all business combinations that occurred in the annual period in which the IFRS is first applied.

The IFRIC concluded that relevant guidance on the early application of the revised IFRS 3 exists in IFRSs and it did not expect divergence in practice. Therefore, the IFRIC [decided] not to add the issue to its agenda.

IAS 7 *Statement of Cash Flows*—Determination of cash equivalents

The IFRIC received a request for guidance on whether investments in shares or units of money market or other 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 an 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 a liquid 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.

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IAS 27 *Consolidated and Separate Financial Statements*—Transaction costs for non-controlling interests

The IFRIC received a request to clarify the guidance in IAS 27 *Consolidated and Separate Financial Statements* (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 28 *Investments in Associates* — Potential effect of IFRS 3 *Business Combinatio*ns (as revised in 2008) and IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) on equity method accounting

The IFRIC staff noted that the FASB's Emerging Issues Task Force (EITF) had added to its agenda EITF Issue No. 08-6 *Equity Method Investment Accounting Considerations*. EITF 08-6 addresses several issues resulting from the joint project by the IASB and FASB on accounting for business combinations and accounting and reporting for non-controlling interests 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 value 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 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 *Investments in Associates*—Venture capital consolidations and partial use of fair value through profit or loss

The IFRIC received a request to provide guidance on an issue arising from IAS 28. The issue relates to situations in which a parent 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 *Investments in Associates*—Impairment of investments in associates

The IFRIC received a request to consider whether guidance was needed on how impairments 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

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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 34 *Interim Financial Reporting*—Interim disclosures about fair value

The IFRIC received a request to provide guidance on whether updates to annual fair value disclosures are required in condensed interim financial reports.

The IFRIC noted that in accordance with IAS 34, an interim financial report provides an update on the latest complete set of annual financial statements. When an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual financial period, in accordance with IAS 34 its interim financial report should provide an explanation of, and update to, the information included in the financial statements for the last annual financial period.

The IFRIC concluded that IAS 34 provides sufficient guidance to enable entities to decide whether updates to fair value disclosures are required in interim financial reports and [decided] not to add the issue to its agenda as it did not expect diversity in practice.

IAS 38 *Intangible Assets*—Compliance costs for REACH

The IFRIC received a request to add an item to its agenda to provide guidance on the treatment of costs incurred to comply with the requirements of the European Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). The Regulation came into force in part on 1 June 2007 and companies have begun to account for the first costs incurred to comply.

At its meetings in March and May 2009 the IFRIC considered detailed background information, an analysis of the issue, current practice and an assessment of the issue against its agenda criteria. The IFRIC noted that IAS 38 includes definitions and recognition criteria for intangible assets that provide guidance to enable entities to account for the costs of complying with the REACH regulation.

The IFRIC concluded that any guidance it could develop beyond that already given would be more in the nature of implementation guidance than an interpretation. For these reasons, the IFRIC [decided] not to add the issue to its agenda.

IAS 39 *Financial Instruments: Recognition and Measurement*—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 *Financial Instruments: Recognition and Measurement*—Meaning of 'significant or prolonged'

The IFRIC received a request to provide guidance on the meaning of 'significant or prolonged' (as described in paragraph 61) in recognising impairment on available-for-sale equity instruments in accordance with IAS 39.

The IFRIC agreed with the submission that significant diversity exists in practice on this issue. The IFRIC concluded that some of this diversity is the result of differing ways the requirements of IAS 39 are being implemented, some of which were identified in the submission. The IFRIC noted some in particular that are inconsistent with 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 a significant or prolonged decline cannot be considered only an indicator of possible impairment in determining whether there is objective evidence. 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. Because each equity investment is unique, each must be considered separately for impairment. The existence of a

significant or prolonged decline cannot be overcome by forecasts of an expected recovery of market values, regardless of their expected timing. Consequently, the IFRIC concluded that an anticipated market recovery is not relevant to the assessment of 'prolonged'.

- Paragraph AG83 and Q&A E.4.9 *Impairment of non-monetary available-for-sale financial asset* in the Guidance on Implementing IAS 39 both discuss the recognition of financial instruments denominated in foreign currencies. The IFRIC concluded that 'significant or prolonged' must be assessed in the functional currency of the entity holding the instrument because that is how any impairment loss is determined.
- The determination of what constitutes a significant or prolonged decline is a matter of fact that requires the application of judgement rather than an accounting policy choice. The IFRIC noted that this was true even though an entity may develop internal guidance to assist it in applying that judgement consistently. The IFRIC noted that an entity would provide disclosure about the judgements it made in determining the existence of objective evidence of impairment in accordance with paragraph 122 of IAS 1 *Presentation of Financial Statements*.

The IFRIC noted that the inconsistencies with IAS 39 it discussed were examples only and were unlikely to be an exhaustive list of all the inconsistencies that might exist in practice.

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.

IFRIC 12 *Service Concession Arrangements*—Scope of IFRIC 12

The IFRIC received requests for guidance on the application of IFRIC 12. One request related to the requirement that the grantor must control or regulate the price the operator can charge to users of the service provided by the infrastructure. The other requested guidance on the accounting for aspects of the arrangement other than the infrastructure.

The IFRIC noted that guidance in paragraphs AG2 and AG3 of IFRIC 12 on the requirement that the grantor controls or regulates the price of the service states that the grantor does not need to have complete control of the price. Rather, the IFRIC noted that any reviews or approvals by the grantor required by the agreement would generally be sufficient to meet this requirement, and it would be inappropriate to assume that they are perfunctory or 'rubber stamps' that can be disregarded.

The IFRIC also noted that in redeliberating the Interpretation it had decided to focus on the guidance on accounting for the infrastructure but had provided references to other IFRSs that apply to arrangements not within its scope. IFRIC 12 also refers to other IFRSs for accounting for aspects of the arrangement other than the infrastructure, such as repair and maintenance obligations and revenue recognition.

Given the guidance in IFRSs, the IFRIC concluded that any guidance it could provide would be in the nature of implementation guidance rather than an interpretation. Therefore, the IFRIC [decided] not to add the issues to its agenda.

IFRIC 18 *Transfers of Assets from Customers*—Applicability to the customer

The IFRIC received a request to provide guidance on how the customer should account for a transfer of assets that is within the scope of IFRIC 18 for the recipient. The IFRIC noted that IFRIC 18 addresses only the accounting by the recipient of the transferred assets.

The IFRIC also noted that, in a normal trading transaction, transfers of assets will include an exchange for other goods, services or both. The IFRIC noted that other IFRSs provide relevant guidance for accounting for the goods or services received or given up in the exchange transaction.

Therefore, the IFRIC concluded that the agenda criteria were not met mainly because IFRSs already provide relevant guidance and it did not expect divergent interpretations in practice. Therefore, the IFRIC [decided] not to add this issue to its agenda.

IFRIC work in progress

The IFRIC reviewed a summary of outstanding issues. The IFRIC noted that all requests received were either discussed at this meeting or are being considered by the Board.

From July 2006, IFRIC meetings have been audiocast live via the Internet. Audio recordings are available to listen to via the Website and can be accessed via the IFRIC Projects included within the Current Projects area. Please visit the IASB website at www.iasb.org for more information.

Future IFRIC meetings

The IFRIC's meetings are expected to take place in London, UK, as follows:

- 9 and 10 July
- 3 and 4 September
- 5 and 6 November

In addition to the meetings listed above, the IFRIC may hold meetings for a preliminary discussion of some staff papers. Attendance by IFRIC members at these meetings is voluntary and no decisions on technical issues will be made. If the IFRIC holds a preliminary meeting, it will normally take place on the Wednesday afternoon before the IFRIC meeting.

Meeting dates, tentative agendas and additional details about the next meeting will also be posted to the IASB website at www.iasb.org before the meeting. Instructions for submitting requests for Interpretations are given on the IASB website at http://www.iasb.org/About+Us/About+IFRIC/Propose+Agenda+Item.htm

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