September 2019

World Standard-setters Conference 2019
IFRS® Foundation

National Standard-setters Times

This publication has been prepared to support the *IASB Update—Q&A with IASB Vice-Chair and Executive Technical Director* discussion at the World Standard-setters Conference on 30 September 2019. It provides an overview of the work of the International Accounting Standards Board (Board) between 1 October 2018 and 15 September 2019 and highlights upcoming consultations on which the Board will be seeking input.

1 Technical activities October 2018 – September 2019

International Accounting Standards Board (Board) activities

Amendments to IFRS Standards

In October 2018, the Board issued amendments to the definition of a business and to the definition of material.

Amendment of the definition of a business	
Which IFRS Standard?	IFRS 3 *Business Combinations*
When is the change effective?	1 January 2020 Earlier application is permitted
New definition of a business	An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities

The amendments to the definition of a business are intended to help companies determine whether an acquisition is of a business or a group of assets. Distinguishing between a business and a group of assets is particularly important because an acquirer recognises goodwill only when acquiring a business.

The amended definition emphasises that to be considered a business an acquired set of assets must include an input and a substantive process that significantly contribute to creating output. In addition to amending the wording of the definition, the Board has provided supplementary application guidance.

The amendments arose from a Post-implementation Review of IFRS 3, an assessment carried out to determine whether IFRS 3 works as intended.

Amendment of the definition of material	
Which IFRS Standard?	IAS 1 *Presentation of Financial Statements* IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
When is the change effective?	1 January 2020 Earlier application is permitted
New definition of material	Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity

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The amendments to the definition of material will assist companies to make materiality judgements.

The definition of material, an important accounting concept in IFRS Standards, helps companies decide whether information should be included in their financial statements.

The amendments are a response to findings that some companies experienced difficulties applying the previous definition when judging whether information is material for inclusion in the financial statements.

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

Proposed amendments to IFRS Standards

Proposed clarifications for companies assessing whether contracts will be loss making (onerous)	
Which IFRS Standard?	IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
Comment deadline	15 April 2019
Next steps	The Board will decide how to proceed with the project

In December 2018, the Board proposed amendments to IAS 37 to specify which costs a company should include when assessing whether a contract will be loss making (onerous).

The proposed amendments specify that:

- a company determines that a contract will be loss making—and describes it as onerous—if the costs the company expects to incur to fulfil the contract are higher than the economic benefits it expects to receive from it; and
- the costs of fulfilling a contract include both incremental costs, such as the costs of materials, and an allocation of other costs directly related to the contract, such as the depreciation charge for equipment the company uses to fulfil contracts.

The proposed amendments aim to provide greater clarity to companies and therefore support consistent application of IAS 37.

The Board has considered a summary of feedback on the proposed amendments at its May 2019 meeting. The Board has not yet decided how to proceed.

Proposed targeted amendments to IFRS Standards in response to IBOR reform	
Which IFRS Standard?	IAS 39 *Financial Instruments: Recognition and Measurement* IFRS 9 *Financial Instruments*
Comment deadline	19 June 2019
Next steps	The Board expects to issue final amendments in September 2019

In May 2019, the Board proposed changes to the old and new financial instruments Standards, IAS 39 and IFRS 9, in the light of the reform of interest rate benchmarks such as interbank offer rates (IBORs).

The Board proposed to amend IAS 39 and IFRS 9 to provide temporary relief from specific hedge accounting requirements that could have resulted in the discontinuation of hedge accounting solely due to the uncertainty arising from interest rate benchmark reform.

The Board is considering the accounting implications arising from the reform in two phases. These proposed amendments relate to the effects of uncertainty in the period leading up to the replacement of interest rate benchmarks. In the second phase, the Board will assess the potential accounting implications of actual changes of documents arising from the reform and determine whether action is needed.

Proposed annual improvements 2018–2020	
Which IFRS Standard?	IFRS 1 *First-time Adoption of International Financial Reporting Standards* IFRS 9 *Financial Instruments* IFRS 16 *Leases* (Illustrative Examples) IAS 41 *Agriculture*
Comment deadline	20 August 2019
Next steps	The Board will consider feedback on the proposed amendments

In May 2019, the Board proposed narrow-scope amendments to four IFRS Standards as part of its maintenance and improvements of IFRS Standards.

Annual improvements are limited to changes that either clarify the wording in an IFRS Standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the Standards. Matters dealt with through annual improvements often arise from questions submitted to the IFRS Interpretations Committee.

Proposed update to *Conceptual Framework* reference in IFRS 3	
Which IFRS Standard?	IFRS 3 *Business Combinations*
Comment deadline	27 September 2019
Next steps	The Board will consider feedback on the proposed amendments

In May 2019, the Board proposed narrow-scope amendments to IFRS 3. The amendments would update a reference to the *Conceptual Framework for Financial Reporting* without changing the accounting requirements for business combinations.

IFRS 3 specifies how a company should account for the assets and liabilities it acquires when it obtains control of a business. It refers companies to the Board's *Conceptual Framework* to determine what constitutes an asset or a liability. IFRS 3 refers to an old version of the *Conceptual Framework*. The Board proposed to update IFRS 3 so that it refers instead to the latest version, issued in March 2018.

Updating the reference without making any other changes to IFRS 3 could change the accounting requirements for business combinations because the liability definition in the *Conceptual Framework* is broader than that in previous versions. Companies applying the liability definition in the *Conceptual Framework* would need to record provisions and contingent liabilities when they acquire a business they would not record in other circumstances. To avoid conflicts between the initial recognition and the subsequent accounting, the Board also proposed that for provisions and contingent liabilities, companies refer to IAS 37 instead of the *Conceptual Framework* to determine what constitutes a liability.

The Board is also considering whether and how to amend IAS 37 to align it with the *Conceptual Framework*.

Proposed amendments to aid implementation of the new insurance contracts Standard	
Which IFRS Standard?	IFRS 17 *Insurance Contracts*
Comment deadline	25 September 2019
Next steps	The Board aims to issue final amendments in mid-2020

In June 2019, the Board proposed amendments to the new insurance contracts Standard, IFRS 17. The aim of the amendments is to:

- continue supporting implementation by reducing the costs of implementing IFRS 17 and making it easier for companies to explain their results when they apply IFRS 17; and
- alleviate concerns and challenges raised about implementing IFRS 17, following discussions with those affected by IFRS 17 after it was issued in May 2017.

The proposed amendments are designed to minimise the risk of disruption to implementation already underway. They include a proposed deferral of the effective date of IFRS 17 by one year to 2022. They do not change the fundamental principles of the Standard or reduce the usefulness of information for investors.

Proposed amendments to accounting for deferred tax	
Which IFRS Standard?	IAS 12 *Income Taxes*
Comment deadline	14 November 2019
Next steps	The Board will consider feedback on the proposed amendments

In July 2019, the Board proposed amendments to the IFRS Standard for income tax, IAS 12. The proposed amendments clarify how companies account for deferred tax on leases and decommissioning obligations.

IAS 12 specifies how a company accounts for income tax, including deferred tax, which represents amounts of tax payable or recoverable in the future. In specific circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time (initial recognition exemption). There has been some uncertainty about whether the initial recognition exemption applies to leases and decommissioning obligations.

According to the proposed amendments, the initial recognition exemption in IAS 12 would not apply to leases and decommissioning obligations—transactions for which companies recognise both an asset and a corresponding liability. The proposed amendments would result in companies recognising deferred tax on such transactions.

Proposed amendments to improve accounting policy disclosures	
Which IFRS Standard?	IAS 1 *Presentation of Financial Statements* IFRS Practice Statement 2 *Making Materiality Judgements*
Comment deadline	29 November 2019
Next steps	The Board will consider feedback on the proposed amendments

In August 2019, the Board proposed narrow-scope amendments to IAS 1 and IFRS Practice Statement 2 to help companies provide useful accounting policy disclosures to users of financial statements.

IAS 1 requires companies to disclose their 'significant' accounting policies. The Board proposed to replace the reference to 'significant' with a requirement to disclose 'material' accounting policies. The proposed amendments state that information about an accounting policy is material if, when considered together with other information included in a company's financial statements, it can reasonably be expected to influence decisions that users of financial statements make about the company.

The Board also proposed to add guidance to IAS 1 to help companies understand what makes an accounting policy material and to update IFRS Practice Statement 2 by adding explanations and examples to help companies apply the concept of materiality in making decisions about accounting policy disclosures.

Project summaries

Project summaries, which are issued at conclusion of a project, are overviews of information already available to the public through Board papers. They do not provide any new material and do not form part of IFRS Standards.

Project summary on *Share-based Payment—Sources of Accounting Complexity*	
Which IFRS Standard?	IFRS 2 *Share-based Payment*

In October 2018, the Board published its project summary of research work on IFRS 2.

The Board examined why IFRS 2 generated many application questions that resulted in narrow-scope amendments to IFRS 2. The Board completed its research and concluded that no further amendments to IFRS 2 are needed.

Review of the Standard on fair value measurement

Which IFRS Standard?	IFRS 13 *Fair Value Measurement*

In December 2018, the Board published a summary report on its Post-implementation Review (PIR) of the fair value measurement Standard, IFRS 13.

The Board conducts a PIR of new Standards and major amendments to a Standard after they have been in use around the world for at least two or three years. The purpose is to consider—with input from stakeholders—whether the Standard works as intended and whether the information it requires companies to provide is useful to users of financial statements. A PIR also assesses whether any unexpected costs have arisen during implementation.

IFRS 13 was issued in 2011 and came into effect in 2013. It provides principle-based guidance on how to measure fair value and sets out fair value related disclosure requirements. IFRS 13 does not determine when fair value measurement is required or permitted.

The PIR of IFRS 13 showed that the information companies provide applying the Standard is useful to investors. The Board also concluded that no unexpected costs have arisen from applying IFRS 13. The Board has an active project on disclosures about fair value measurement. The project is part of the Targeted Standards-level Review of Disclosures, which is part of the Board's work on Better Communication in Financial Reporting.

Project summaries on IFRS 8 and discount rates

In February 2019, the Board published two documents summarising its work on possible improvements to two IFRS Standards and on discount rates in IFRS Standards:

- the Project Summary on IFRS 8 *Operating Segments* provides an overview of feedback on the Board's proposals in its Exposure Draft *Improvements to IFRS 8—Proposed amendments to IFRS 8 and IAS 34*, published in March 2017. The summary also explains why the Board decided not to proceed with those proposals.
- the Project Summary on discount rates provides an overview of research considered by the Board from 2014 to 2017 in its project on discount rates in IFRS Standards.

Project summary on *Disclosure Initiative—Principles of Disclosure*

In March 2019, the Board published a document summarising its work on the *Disclosure Initiative—Principles of Disclosure* research project. The Disclosure Initiative is also part of the Board's wider work under the theme Better Communication in Financial Reporting.

The document summarises:

- research performed by the Board, including feedback received on the *Disclosure Initiative—Principles of Disclosure* Discussion Paper published in March 2017; and
- conclusions reached in the light of that research, including the Board's decision to undertake a Targeted Standards-level Review of Disclosures project. The Board is currently considering potential changes to the disclosure requirements in IAS 19 *Employee Benefits* and IFRS 13 as part of this work.

IFRS Interpretations Committee (Committee) activities

Narrow-scope standard-setting

Between 1 October 2018 and 15 September 2019, the Committee's work resulted in the Board publishing the following proposed amendments:

- proposed clarifications for companies assessing whether contracts will be loss making (onerous);
- proposed amendments to accounting for deferred tax; and
- proposed annual improvements 2018–2020.

The proposals are discussed above.

Agenda decisions

Between 1 October 2018 and 15 September 2019, the Committee finalised 16 agenda decisions. Half of those agenda decisions relate to the new financial instruments, revenue recognition and leases Standards—IFRS 9, IFRS 15 and IFRS 16.

Refer to Section 4 of this publication for details about agenda decisions published between 1 October 2018 and 15 September 2019.

❷ Upcoming major consultations

Last quarter of 2019

Primary Financial Statements	
What?	Exposure Draft

The Board is developing improvements to the structure and content of the primary financial statements, with a focus on the statement(s) of financial performance.

Companies currently use different performance measures in their financial statements, often without clarifying what information is included in or excluded from such measures. This means that investors and regulators cannot easily compare companies' financial performances, even within the same industry.

The Board is also developing new proposed disclosures about performance measures used by a company that are not part of IFRS Standards in order to improve transparency and consistency.

Goodwill and Impairment	
What?	Discussion Paper

The Board is developing improvements to the accounting for goodwill and improved disclosure about business combinations and their subsequent performance, after feedback from the Post-implementation Review of IFRS 3.

Comprehensive Review of *IFRS for SMEs* Standard	
What?	Request for Information

The Board is developing a Request for Information focused on obtaining views on whether and how to update the *IFRS for SMEs* Standard to align with changes in IFRS Standards.

Dynamic Risk Management	
What?	Core Model

The Board is exploring whether it can develop an accounting model that will provide users of financial statements with better information about a company's dynamic interest rate risk management activities and how it manages those activities.

Many companies use hedging to manage exposure to financial risks such as movements in foreign exchange or interest rates or changes in commodity prices. IFRS 9 introduced improved hedge accounting and disclosure requirements to enable companies to better reflect their risk management. However, those improvements did not cover situations in which a company manages those risks 'dynamically'—ie when the risk position being hedged changes frequently and is hedging an open portfolio of changing assets and liabilities. Consequently, companies sometimes struggle to reflect their risk management, which means that investors cannot easily understand, and companies find it difficult to explain, the effect of hedging on a company's financial position and future cash flows. As a next step before publishing a consultation document the Board plans to discuss the draft model with companies through outreach.

First half of 2020

Rate-regulated Activities	
What?	Exposure Draft

The Board is developing a new accounting model to give users of financial statements better information about a company's incremental rights and obligations arising from its rate-regulated activities.

Business Combinations under Common Control	
What?	Discussion Paper

The Board is developing requirements to improve the comparability and transparency of accounting for business combinations under common control to help investors compare and better understand information that companies provide in financial statements about such transactions.

IFRS Standards do not specify how to account for combinations of companies or businesses controlled by the same party. As a result, companies account for such transactions in different ways, which makes it difficult for investors and regulators to compare the effects of those transactions on companies' financial positions and performances.

Second half of 2020

Management Commentary	
What?	Exposure Draft

The Board is developing a proposed update of the IFRS Practice Statement 1 *Management Commentary* issued in 2010. The update focuses on the needs of the primary users of financial statements. The update will include consideration of:

- developments from other narrative reporting initiatives; and
- acknowledged gaps in narrative reporting practice indicating that the goals of the *Management Commentary* and other narrative reporting regimes are unmet.

Management commentary complements the financial statements by providing other financial information—insight into the company's strategy for creating value over time and its progress in implementing its strategy. Management commentary also sets out the potential impact that the company's strategy will have on financial performance, which may not captured by the financial statements. Environmental, social and governance (ESG) matters—normally part of wider corporate reporting—are discussed in management commentary if necessary for primary users to make economic decisions.

2020 Agenda Consultation	
What?	Request for Information

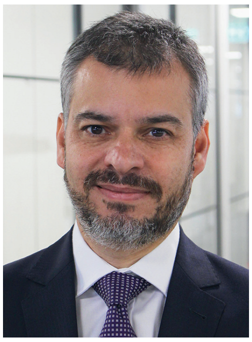
The Board undertakes a public consultation on its work plan (agenda) every five years by way of a public Request for Information. The Board will issue its next Request for Information in 2020.

The primary objective of the consultation is to seek public input on the strategic direction and balance of the Board's work plan, including the criteria for assessing projects that may be added to the Board's work plan. The consultation will also seek views on financial reporting issues that should be given priority by the Board and on projects to withdraw from the Board's work plan.

3 Other news

New Board members

The Trustees of the IFRS Foundation have appointed Tadeu Cendon and Rika Suzuki as Board members for a five-year term, effective 1 July 2019.



Mr Cendon has almost three decades of experience in auditing and consulting. He joins the Board from PwC Brazil Accounting and Consulting Services, where he has worked as Partner responsible for providing accounting advice to audit teams and multinational companies reporting under IFRS Standards. He has also served as the Director for Professional Development at the Brazilian Institute of Independent Auditors (IBRACON).

Ms Suzuki was the IFRS Leader and Assurance Partner of PwC Aarata LLC in Japan, where she provided advice on accounting and reporting issues under IFRS Standards, Japanese GAAP and US GAAP. She also supervised reviews of IFRS transition and application for large multinationals and other listed companies. Ms Suzuki was a member of the Accounting Standards Board of Japan (ASBJ)'s Special Committee for IFRS Implementation. She also chaired the Japanese Institute of Certified Public Accountants (JICPA)'s Working Groups for Japan's Modified International Standards (JMIS) and Revenue Recognition.

Mr Cendon will fill one of the Board's Americas seats while Ms Suzuki will fill a seat from the Asia-Oceania region.

Amaro Gomes, in an Americas seat, and Takatsugu Ochi, in an Asia-Oceania seat, ended their second terms on 30 June 2019.

IFRS Taxonomy 2019

The IFRS Taxonomy facilitates electronic reporting of financial information prepared in accordance with IFRS Standards. Preparers can use the IFRS Taxonomy to tag disclosures, making them more easily accessible to investors.

The IFRS Taxonomy 2019, published in March 2019, incorporates changes resulting from two final updates to the IFRS Taxonomy 2018:

- IFRS Taxonomy 2018—Update 1 Common Practice (IFRS 13). This update includes new elements and an enhanced taxonomy model that better reflect information companies commonly disclose about fair value measurement.
- IFRS Taxonomy 2018—Update 2 General Improvements. This update includes changes designed to improve the tagging of the data using the IFRS Taxonomy and to make it easier to navigate the IFRS Taxonomy.

Proposed amendments to Due Process Handbook

In April 2019, the IFRS Foundation Trustees invited comments on proposed amendments to its Due Process Handbook.

The Trustee's Due Process Oversight Committee (DPOC) is responsible for overseeing the Board and the Interpretations Committee's compliance with the due process set out in the Handbook.

The main proposed changes are to:

- update the procedures relating to the use of effects analysis to ensure that they are consistent with current activities and make it clear that such analyses take place at all stages of the standard-setting process; and
- clarify the role of agenda decisions published by the Committee and introduce agenda decisions as a tool for the Board.

The proposed amendments reflect responses to the 2017 stakeholder perception survey that identified the IFRS Foundation's due process as highly regarded but asked if improvements could be introduced to improve efficiency without having a negative impact on the quality of work.

Stakeholder engagement

Developing IFRS Standards for the global economy is a collaborative exercise founded on transparency, full and fair consultation, and accountability. The Board's network of advisory committees and bodies represent the many different stakeholder groups that have an interest in and are affected by financial reporting. These groups enable the Board to efficiently consult with interested parties from a range of backgrounds and geographical regions.

Between 1 October 2018 and 15 September 2019, the following meetings of advisory committees and bodies to the Board's technical activities were held.

Group	No. of meetings
Accounting Standards Advisory Forum (ASAF)	4
Emerging Economies Group (EEG)	2
Global Preparers Forum (GPF) Capital Markets Advisory Committee (CMAC)	5

The groups have been consulted on all areas of the Board's work programme including research, standard-setting projects and implementation projects.

The IFRS Foundation announced the membership of Accounting Standards Advisory Forum in October 2018 for the three-year period 2018–2021. The first meeting with the new composition took place in December 2018.

The membership of advisory committees and bodies is crucial to the Board receiving effective advice. The support of national-standard setters in helping identify candidates is encouraged.

Group	No. of meetings
IFRS Taxonomy Consultative Group	4
Transition Resource Group for IFRS 17	1
Management Commentary Consultative Group	2

The above three groups are constituted to provide advice on specific aspects of the Board's work.

Transition Resource Group for IFRS 17

The fourth meeting of the Transition Resource Group for IFRS 17 (TRG) was held on 4 April 2019. From February 2018 to April 2019 there have been four TRG meetings covering all 127 submissions up to April 2019. The TRG meeting summaries, papers for the meeting, as well as the updated TRG agenda paper tracker for an easy access guide to all TRG papers, by category, are available on the IFRS Foundation website.

4 Educational materials published 2018–2019

The Board and the Committee provide educational materials to support the implementation and consistent application of IFRS Standards. In addition to Transition Resource Group meeting summaries, supporting educational materials include:

- webcasts, podcasts and webinars;
- articles and other publications; and
- Committee agenda decisions.

Webcasts and publications for investors

In February 2019, educational material for investors about IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* were published.

IFRS 15—A webcast outlines the information companies are expected to provide about their revenue in financial statements and notes prepared applying IFRS 15. Several case studies explain the new revenue recognition model and the changes resulting from its application.

The webcast also discusses disclosure requirements introduced by IFRS 15, including those relating to the disaggregation of revenues, the use of judgements and estimates, and contract assets and liabilities.

IFRS 16—Free Cash Flow (FCF) is one of the non-GAAP measures most commonly used by investors. A publication highlights attributes of FCF measures reported by lessees that limit comparability with FCF measures reported by companies that buy assets. The publication demonstrates this through a simplified case study and explains an adjustment approach to compute comparable FCF measures that makes use of new information provided applying IFRS 16.

Supporting modules for *IFRS for SMEs* Standard

A package of 35 supporting modules to help those applying the *IFRS for SMEs* Standard was made available. The Standard is specifically aimed at companies that do not have public accountability—companies that do not have debt or equity traded in a public market and do not hold assets in a fiduciary capacity for a broad group of outsiders.

The modules are also helpful to those using financial statements prepared applying the *IFRS for SMEs* Standard and to students and others who are learning about it.

There is one supporting module per section of the Standard. Each module explains the requirements in the corresponding section of the Standard, discusses the significant estimates and other judgements relevant for that section, and provides a comparison with full IFRS Standards. In addition, the package of modules contains more than one thousand examples and over 350 multiple-choice questions, allowing people to test their own understanding of the Standard.

Board member articles

Board members have written several articles about the Board's work in 2018–2019, including the following.

Materiality modernised (January 2019)—Gary Kabureck explains the steps the Board has taken to modernise the concept of materiality.

Returns, reinvestment opportunities and dividend distribution (February 2019)—Nick Anderson examines the importance of cash-flow generation and other factors a company may consider in determining the level of dividend payment, including the relationship between IFRS Standards and the capital maintenance requirements of individual jurisdictions.

Changes in financing liabilities—what does good disclosure look like? (February 2019)—Nick Anderson discusses the objectives of the new disclosure requirement about changes in liabilities arising from financing activities following the amendment to IAS 7 *Statement of Cash Flows* that became effective in 2017. He also explains what companies can do to make their disclosures as useful as possible to users of financial statements.

Agenda decisions—time is of the essence (March 2019)—Sue Lloyd explains the Board's view that companies should be entitled to sufficient time to implement changes in accounting policy that result from an agenda decision published by the Committee.

Webcasts about agenda decisions

Webcasts summarising the Committee's discussion and explaining the conclusion it reached about some of its agenda decisions are available on the IFRS Foundation website.

Borrowing costs and revenue recognition—The Committee published an agenda decision on 'over time transfer of a constructed good' to respond to a question about the application of IAS 23 *Borrowing Costs* to the construction of a multi-unit housing development. A webcast published in June 2019 discusses the application of IAS 23 and its interaction with IFRS 15 *Revenue from Contracts with Customers* in the context of the agenda decision.

Curing of a credit-impaired financial asset—The Committee considered how a company should present amounts in its statement of profit or loss if a credit-impaired financial asset is subsequently paid in full or is no longer credit-impaired (cured). A webcast published in July 2019 walks through the application of the relevant requirements on this issue in IFRS 9 *Financial Instruments*.

New quarterly podcasts

In July 2019, the first of a new quarterly podcast focusing on the work undertaken by the Committee to support consistent application of IFRS Standards was published. Among the topics covered in the first podcast were questions about applying IFRS 9, IFRS 15 and IFRS 16, as well as the accounting for holdings of cryptocurrencies.

The podcasts will report on discussions at meetings of the Committee and provide an overview of other relevant activities in the period.

Committee agenda decisions

Between 1 October 2018 and 15 September 2019, the Committee finalised the following 16 agenda decisions, which include explanatory material. Explanatory material in an agenda decision sets out how IFRS Standards apply to a particular set of facts and circumstances outlined in the agenda decision. The paragraphs below summarise the request submitted to the Committee and the Committee's conclusions—for a complete understanding of the request and the Committee's considerations, please refer to the full agenda decision on the IFRS Foundation website.

January 2019

1—Deposits relating to taxes other than income tax

Which IFRS Standard?	IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
Request	The request asked about the accounting for deposits relating to taxes other than income tax in a particular set of circumstances.
Committee's conclusions	The right arising from the tax deposit (described in the agenda decision) meets the definition of an asset. In the absence of an IFRS Standard that specifically applies to that asset, the company applies paragraphs 10–11 of IAS 8 in developing and applying an accounting policy for the asset.

2—Assessment of promised goods or services

Which IFRS Standard?	IFRS 15 *Revenue from Contracts with Customers*
Request	The request asked whether a stock exchange transfers an admission service that is distinct from a listing service to customers. The customer pays a non-refundable upfront fee and an ongoing listing fee.
Committee's conclusions	In the contract described in the agenda decision, the stock exchange does not transfer any good or service to the customer other than the service of being listed on the exchange.

3—Investments in a subsidiary accounted for at cost: partial disposal

Which IFRS Standard?	IAS 27 *Separate Financial Statements*
Request	The request asked about the accounting for a retained interest in a former subsidiary applying IFRS 9 after a partial disposal.
Committee's conclusions	Question A—Assuming the retained interest is not held for trading, the retained interest is eligible for the presentation election in paragraph 4.1.4 of IFRS 9. A company would make this presentation election at the date of losing control of the former subsidiary. Question B—On the date of losing control, the company recognises in profit or loss any difference between the cost of the retained interest and its fair value.

4—Investments in a subsidiary accounted for at cost: step acquisition

Which IFRS Standard?	IAS 27 *Separate Financial Statements*
Request	The request asked about the accounting for an investment in a subsidiary at cost after a step acquisition—the company had applied IFRS 9 to its initial interest in the subsidiary.
Committee's conclusions	Question A—The cost of the investment in the subsidiary could be either 1) the fair value of the initial interest at the date of obtaining control plus any consideration paid for the additional interest; or 2) the consideration paid for the initial interest plus any consideration paid for the additional interest. Question B—If applying approach 2) in Question A, a company recognises in profit or loss any difference between the fair value of the initial interest at the date of obtaining control and the consideration paid for that interest.

March 2019

5—Credit enhancement in the measurement of expected credit losses

Which IFRS Standard?	IFRS 9 *Financial Instruments*
Request	The request asked about a credit enhancement used to manage credit risk on a financial asset when measuring expected credit losses on that asset.
Committee's conclusions	If a credit enhancement is required to be recognised separately by IFRS Standards, a company cannot include the cash flows expected from it in the measurement of expected credit losses on the associated financial asset.

6—Physical settlement of contracts to buy or sell a non-financial item

Which IFRS Standard?	IFRS 9 *Financial Instruments*
Request	The request asked about a physically settled commodity contract required to be accounted for as a derivative applying IFRS 9.
Committee's conclusions	IFRS 9 neither permits nor requires a company to reassess or reverse its accounting for a derivative contract because that contract is ultimately physically settled.

7—Curing of a credit-impaired financial asset

Which IFRS Standard?	IFRS 9 *Financial Instruments*
Request	The request asked how a company presents amounts recognised in profit or loss when a credit-impaired financial asset is subsequently cured (ie paid in full or no longer credit-impaired).
Committee's conclusions	In the statement of profit or loss, a company presents the difference described in the agenda decision (in essence the economic recovery of interest on the asset) as a reversal of impairment losses.

8—Application of the highly probable requirement when a specific derivative is designated as a hedging instrument

Which IFRS Standard?	IFRS 9 *Financial Instruments*
Request	The request asked how a company applies the 'highly probable' requirement in IFRS 9 when the notional amount of the derivative designated as a hedging instrument (load following swap) varies depending on the outcome of the hedged item (forecast energy sales).
Committee's conclusions	In a cash flow hedge, a forecast transaction can be a hedged item if, and only if, it is highly probable. The terms of the hedging instrument do not affect the highly probable assessment because the highly probable requirement is applicable to the hedged item.

9—Customer's right to receive access to the supplier's software hosted on the cloud

Which IFRS Standard?	IAS 38 *Intangible Assets*
Request	The request asked about the accounting for a cloud computing arrangement in which the customer pays a fee in exchange for a right to receive access to the supplier's application software for a specified term.
Committee's conclusions	A contract that conveys to the customer only the right to receive access to the supplier's software in the future is a service contract. The customer receives the service—the access to the software—over the contract term.

10—Sale of output by a joint operator

Which IFRS Standard?	IFRS 11 *Joint arrangements*
Request	The request asked about the recognition of revenue by a joint operator when the output it receives from a joint operation in a period is different from the output to which it is entitled.
Committee's conclusions	In the circumstances described in the agenda decision, the joint operator recognises revenue that depicts only the transfer of output to its customers in each period. The joint operator does not recognise revenue for the output to which it is entitled but which it has not received from the joint operation and sold.

11—Liabilities in relation to a joint operator's interest in a joint operation

Which IFRS Standard?	IFRS 11 *Joint arrangements*
Request	The request asked how a joint operator accounts for a lease liability when it has primary responsibility for that liability and also has a right to recover a share of lease costs from its fellow joint operators.
Committee's conclusions	The liabilities a joint operator recognises include those for which it has primary responsibility.

12—Over time transfer of constructed good

Which IFRS Standard?	IAS 23 *Borrowing Costs*
Request	The request asked about the capitalisation of borrowing costs in relation to the construction of a building for which a company recognises revenue over time.
Committee's conclusions	In the circumstances described in the agenda decision, none of the assets recognised by the company (a receivable, a contract asset or inventory) are qualifying assets. Therefore, the company does not capitalise borrowing costs.

June 2019

13—Effect of a potential discount on plan classification

Which IFRS Standard?	IAS 19 *Employee Benefits*
Request	The request asked how a right to a potential discount on contributions affects the classification of a particular pension plan.
Committee's conclusions	The existence of a right to a potential discount would not in itself result in classifying a pension plan as a defined benefit plan. However, classification of a plan as defined benefit or defined contribution requires assessing all relevant terms and conditions of the plan, as well as any informal practices that might give rise to a constructive obligation.

14—Holdings of cryptocurrencies

Which IFRS Standards?	IAS 2 *Inventories* IAS 38 *Intangible Assets*
Request	At the request of the Board, the Committee discussed how IFRS Standards apply to holdings of cryptocurrencies.
Committee's conclusions	IAS 2 applies to cryptocurrencies (as described in the agenda decision) when they are held for sale in the ordinary course of business. If IAS 2 is not applicable, a company applies IAS 38 to holdings of cryptocurrencies.

15—Costs to fulfil a contract

Which IFRS Standard?	IFRS 15 *Revenue from Contracts with customers*
Request	The request asked about the recognition of construction costs incurred to fulfil a contract as a company satisfies a performance obligation over time.
Committee's conclusions	The costs of construction described in the agenda decision are costs that relate to the company's past performance. Therefore, those costs do not meet the criteria in paragraph 95 of IFRS 15 to be recognised as an asset.

16—Subsurface rights

Which IFRS Standard?	IFRS 16 *Leases*
Request	The request asked about the accounting for a contract in which a pipeline operator obtains the right to place an oil pipeline in a specified underground space for 20 years in exchange for consideration.
Committee's conclusions	The contract described in the agenda decision contains a lease to which IFRS 16 applies.

Notes

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