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International Accounting Standards Board

This document is provided as a convenience to observers at the Analyst Representative Group meeting, to assist them in following the discussions. It does not represent an official position of the IASB. Board positions are set out in Standards.

Note: These notes are based on the staff papers prepared for the ARG meeting. Paragraph numbers correspond to paragraph numbers used in the ARG agenda paper.

INFORMATION FOR OBSERVERS

ARG Meeting: **November 2007, London**

Project: **Chairman's Report to ARG – November 2007** ***(Agenda Paper 1)***

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1. This report highlights the significant events since the end of June, and provides an update on the progress towards achieving the commitments agreed in the Memorandum of Understanding (MoU) with the FASB. The MoU sets out a roadmap for convergence between IFRSs and US GAAP. This report also reviews progress towards adoption of IFRSs in other countries.

2. The proposals which had been signaled by the SEC in late April were released over the summer. There has been interest in the impact of these proposals for both foreign registrants and US domestic companies.

3. There has been considerable recent media coverage of sub-prime mortgage lending and the resulting liquidity crisis, including some suggestions for action by accounting standard setters.

4. This report not only reviews current progress. It looks forward – noting the potential items for addition to the IASB's agenda.

5. As members of the ARG are aware the Board has three main strategic objectives at the present time:

    - Encouraging more countries to switch to IFRS rather than use national standards.
    - Convergence of IFRS and US GAAP.
    - Development of a standard for SMEs.

Extending the adoption of IFRSs – convergence initiatives

6. The last year has seen many countries moving towards IFRS. This year Chinese companies have started using standards which were designed to give the same results as IFRS. Canada has expressed its intention to change to international standards in 2011. Brazil intends to move in 2010 while India, Korea and Japan have expressed their intentions to converge by 2011. Next year Israel switches to IFRS followed by Chile in 2009. In all, according to Deloitte, 107 countries now permit or require the use of IFRSs – we expect that within five years this number will have risen to 150.

7. The spreading acceptance of international standards has placed an even heavier workload on the Board with numerous requests for speeches and visits to discuss implementation issues with government ministers throughout the world.

8. In addition, we have also expanded our education outreach. We held our second 2007 IFRS Conference in late August in Singapore. This was the first IFRS Conference that we have held in Asia. It followed a successful conference in May in Zurich, and included plenary sessions, smaller breakout group discussions and half-day special interest workshops. All in all a successful and comprehensive technical update on IASC and IFRIC activities.

9. Next year, with the support of the FEI, we intend to hold our first conference in North America – the beginning of our programme to hold three conferences a year – one each in Asia and Europe in addition to North America.

10. The spread of IFRS has not been without its problems. We are still trying to solve the "brand" issue. We are aware that several countries have adopted most of our standards but perhaps not adopted or not mandated one or two, or amended some of the standards' provisions. We have been attempting to deal with these issues in two ways:

- First, and our least favoured alternative, is to require companies who use the term "IFRS" in their description of the basis of their financial statements to disclose differences if full IFRS has not been adopted. The intention is that auditors would qualify the financial statements if that disclosure were to be omitted.

- Our favoured alternative, however, is to seek the support of auditors to enforce IAS 1 which <u>requires</u> companies to state that their financial statements comply with IFRS if that is the case. This requirement has been honoured in the breach and very few companies give the disclosure although it is mandatory. It is worth noting that New Zealand and Australia are now requiring auditors to express opinions on both national standards (which are identical to IFRS) and IFRS. This is a pattern we would like to see world wide and we are pressing the securities regulators (IOSCO) for their assistance in persuading jurisdictions to accept this form of report.

Developments in the US

11. It has to be said that a lot of the enthusiasm for switching from national standards to IFRS has been the prospect of accessing the US markets without reconciling to US GAAP. The removal of the reconciliation requirement has been a major goal for the Board for the last few years and was brought into international prominence by the Memorandum of Understanding between the IASB and the FASB, agreed with the SEC and the EC in February 2006.

12. This report outlines the progress that has been made on the technical issues set out in that Memorandum which was the 'roadmap' charting a path to when issuers would no longer be required to reconcile financial statements to US GAAP. Earlier this year the SEC issued a draft regulation proposing the removal of the

reconciliation and at present is studying the responses to that proposal. Shortly afterwards the SEC issued a second document – a Concept Release – exposing the view that US domestic registrants should be given the opportunity to use IFRS rather than US GAAP if they so wished. Since then there have been several supportive speeches by SEC Commissioners. One by SEC Commissioner, Paul Atkins, proposed that regulators should choose a single worldwide accounting framework and only last month, the FASB Chairman, Bob Herz, called for a national plan with clear milestones and target dates to move towards adopting international accounting standards in the United States.

13. The Board is committed to meet its obligations under the Memorandum of Understanding and to work with the FASB to bring IFRS and US GAAP ever closer together so that any change in the US to IFRS would not involve a violent switch in corporate accounting policies.

The IASB Work Plan – convergence with US GAAP

14. Attached to this report is the IASB Work Plan which was considered by the Board at its September 2007 meeting (Attachment 1). The Work Plan reflects the objectives of the MoU with the FASB which sets out a roadmap for convergence between IFRSs and US GAAP.

15. Eleven major projects are included in the MoU:

- Business combinations
- Consolidation
- Fair value measurement guidance
- Financial statement presentation
- Revenue recognition
- Post-retirement benefits
- Leases
- Derecognition

- Financial instruments
- Intangible assets
- Liabilities and equity.

16. The Boards are also undertaking a joint project to develop a converged conceptual framework, and a number of short-term convergence projects to eliminate major differences between IFRSs and US GAAP.

17. Other projects on the IASB Work Plan include insurance contracts, liabilities (amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) and a number of smaller amendments to standards.

Potential agenda items

18. Each year the IASB considers potential items for addition to its agenda. Generally we do this at the July meeting, but because of the pressure of work towards meeting the objectives of the MoU we have delayed the agenda decisions for 2007 to the December meeting.

19. The IASB's discussion of potential projects and its decisions to adopt new projects take place in public IASB meetings. Before reaching such decisions the IASB consults the SAC on proposed agenda items and priorities. We will be considering draft agenda proposals on:

    - Intangible assets
    - Management commentary
    - Common control transactions.

    The reactivation of a project on emission rights will also be considered. The reaction from world standard-setters at their recent meeting with us was that the emission rights project is the highest priority.

Business combinations

20. The MoU requires the IASB and the FASB, by 2008, to have issued converged business combinations standards.

21. The Board expects to publish the revised IFRS 3 *Business Combinations* and amendments to IAS 27 *Consolidated and Separate Financial Statements* in

November. We plan to include a Feedback Statement in the publication package. The FASB is expecting to publish its equivalent standards at the same time. Publication will accomplish the MoU objective.

Consolidation

22. In June 2003, the IASB added a project on consolidation to its agenda. The goal of the project is to publish a single IFRS on consolidation. This will replace IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. The Board expects to publish a discussion paper on consolidation in the first half of 2008.

23. The project is being developed on the basis that consolidated financial statements should report the financial results of a parent and its subsidiaries as if they were a single economic entity. Identifying whether an entity is a subsidiary should be based on the notion of control. The Board has tentatively decided that a parent entity has a controlling interest in another entity when

    - it has exclusive rights over that entity's assets and liabilities
    - which give it access to the benefits of those assets and liabilities and
    - the ability to increase, maintain or protect the amount of those benefits.

24. The main focus of our current work is the accounting for special investment vehicles that are used for asset securitisations, collateralised debt obligations and other specialised financing arrangements. One aspect of sub-prime mortgage lending is the funding of such mortgages through special investment vehicles. The project on consolidation will provide the basis for determining whether such vehicles are controlled by the lender.

Fair value measurement guidance

25. The MoU sets out the objective of having converged fair value measurement (FVM) guidance by 2008. It was originally planned that the IASB would deliberate the FASB's FVM statement (SFAS 157) with the aim of issuing an exposure draft and invitation to comment in April 2006. There were delays in finalising SFAS 157, and the decision was taken to issue a discussion paper rather than an exposure draft.

26. The IASB discussion paper on Fair Value Measurements was published on 30 November 2006. The comment period was extended by a month to 4 May 2007. The Board received 136 comment letters. The comment letter analysis and preliminary project plan was presented to the Board in October. Deliberations on the fair value measurement project will begin in November. Round-table meetings are expected to be held in the second quarter of 2008.

Financial statement presentation

27. In September, the Board completed Phase A of the financial statement presentation project with the publication of the revised version of IAS 1 *Presentation of Financial Statements*.

28. Phase B addresses fundamental issues for the presentation of information in the financial statements. Working principles have been agreed by the Boards. The staff has received input on the application of the working principles from members of the Joint International Group (JIG) and other advisory groups of both Boards. Some members of the JIG have recast their recent financial statements using the proposals under discussion in this project.

29. It is expected that the discussion paper containing the boards' preliminary views on financial statement presentation issues will be published in 2008.

Revenue recognition

30. The Board is working towards issuing a discussion paper early in 2008 jointly with the FASB. The discussion paper will explain, illustrate, and compare two different approaches for addressing revenue recognition. Both approaches determine revenue based on changes in specified assets and liabilities, rather than using notions such as 'earnings' and 'realisation'. However, one model measures the assets and liabilities explicitly at each reporting date at current exit price; the other measures the assets and liabilities based on the observable transaction price at contract formation.

31. The development of these two models has been undertaken by staff interacting with two small groups of board advisers drawn from both the IASB and the FASB.

Post-employment benefits (including pensions)

32. In July 2006, the Board added a project on post-employment benefits to its agenda. The purpose of this project is to provide better information about post-employment benefit obligations. The project is being conducted in two phases.

33. The first phase deals with issues relating to recognition and presentation, and cash balance plans. The Board intends to publish a discussion paper in the first quarter of 2008. The discussion paper will propose targeted improvements to IAS 19 *Employee Benefits*. The proposals include the elimination of smoothing devices, including the corridor, in the accounting for defined benefit plans and improved accounting for post-employment benefit promises that include a promised return on contributions. The Board discussed its proposals with the Employee Benefits Working Group at a meeting in June 2007.

34. The second phase will involve a fundamental review of all aspects of post-employment benefit accounting. The objective at the end of phase two is to have a common standard with the FASB.

Leases

35. Under the MoU, the IASB and FASB have undertaken to consider and make a decision about the scope and timing of a potential leasing project by 2008. This goal was achieved when the IASB and FASB added the leasing project to their respective agendas in July 2006.

36. The leasing project is expected to result in a fundamental change in accounting for leases by both lessors and lessees. The primary objective of the project is to develop a model for the recognition of assets and liabilities under lease contracts that is consistent with the framework definitions and other standards.

37. Board discussion on this joint project started in March. Since then both the IASB and FASB have considered issues relating to the development of a new ‘right of use’ model that would apply to all leases. Issues considered have included the scope of the project, the application of the model to leases containing options to extend or options to terminate, and the measurement of the lessee’s assets and liabilities arising under the lease.

38. The current project plan envisages the publication of a discussion paper (incorporating the views of both Boards) in the second quarter of 2008.

Derecognition

39. The purpose of the derecognition research project is to identify one or more technically feasible solutions to the question "when should an entity derecognise an asset or liability?" i.e. remove it from the balance sheet. The MoU requires the boards to consider the results of staff research efforts on derecognition of financial instruments.

40. Since October 2006 the staff has been researching derecognition in consultation with board advisers from the IASB and the FASB. The staff research report will focus on derecognition of financial instruments.

Financial instruments

41. The MoU requires the boards to issue a due process document (discussion paper). The boards agreed to the broad approach and proposed contents, and have had discussions about the main components of a fair value measurement model for financial instruments and related items, and possible ways to move towards such a model. Both boards have reached a number of preliminary views.

42. The staff is drafting a discussion paper that considers how to improve accounting for financial instruments. We expect to publish the discussion paper in the first quarter of 2008.

Intangible assets

43. The MoU requires the Boards to consider research and make a decision whether to add a project on intangible assets to their agendas. The research work is being undertaken by staff at the Australian Accounting Standards Board.

Liabilities and equity

44. The FASB opened discussions on liabilities and equity in 1997 and issued Statement 150 *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* as an interim solution in 2003. Given that the FASB had a pre-existing project on liabilities and equity, the FASB became the lead Board in what we term a 'modified joint' project.

45. The FASB are expecting to publish a preliminary views document by the end of 2007. The IASB expects to issue the FASB preliminary views document (with possible additional questions and comments) as a discussion paper.

Conceptual framework

46. The IASB and the FASB are concurrently working on four active phases of the Conceptual Framework project. They are Phase A: Objective and Qualitative Characteristics of Financial Reporting, Phase B: Elements and Recognition, Phase C: Measurement and Phase D: Reporting Entity.

Objective and Qualitative Characteristics

47. Stewardship was raised in comments received on the discussion paper on this phase. The boards have consulted with constituents on, and discussed issues relating to the importance of accountability/stewardship. The boards expect to issue an exposure draft on *The Objective of Financial Reporting* and *Qualitative Characteristics of Financial Reporting Information* by the end of 2007. The exposure draft will propose that the objective of financial reporting is to provide financial information about the reporting entity that is useful to present and potential investors and creditors and others in making decisions in their capacity as capital providers. This objective encompasses all the decisions that users make, including accountability/stewardship decisions.

Elements and Recognition

48. During the last few months the staff has been consulting with constituents on the definition of an asset and working with the *Liabilities* project team on the boundary between business risks and liabilities. The staff has commenced work on issues associated with determining the appropriate unit of account. Further work is required on the definition of a liability, on other elements of financial statements, and on recognition and derecognition. The next output from this phase of the Conceptual Framework project is a discussion paper, which is expected to be published in late 2008.

Measurement

49. The boards have identified nine measurement bases. They will evaluate these using various criteria, including the qualitative characteristics from Phase A of the Conceptual Framework project. A summary of the measurement bases will be posted on the boards' websites by the end of 2007.

Reporting Entity

50. The boards have completed their initial deliberations on this phase of the Conceptual Framework project and expect to publish a discussion paper by the end of 2007.

Short-term convergence project – Government grants / Emission rights

51. In February 2004, the Board decided to amend IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. Initially, the objective of the project was to apply the accounting model for government grants contained in IAS 41 *Agriculture* to all government grants. In February 2006 the Board reviewed the status of the project. The Board noted some concerns about the conceptual basis of the government grant model in IAS 41, particularly in its treatment of conditional grants. The Board also noted that its work in other projects, in particular its project to amend IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, might yield insights into the appropriate treatment of obligations arising in conditional grants and, hence, enable it to develop a more robust model for accounting for government grants. Accordingly, the Board decided to defer work on the IAS 20 project until further progress had been made on those projects. The Board had previously concluded that its IAS 20 project is precedential to its emissions trading project. Accordingly, the decision to defer the IAS 20 project meant that work on the emissions trading project was deferred.

52. The FASB added a project to its agenda on emission allowances in February 2007. In the light of this development, the staff is considering whether, and if so how, to reactivate the projects on government grants and emission rights. Therefore, the next milestones for these projects will be the agenda consultation process with the SAC at its November meeting, and an agenda decision by the Board at its December meeting.

53. The government grants project is included in the MoU as part of short-term convergence. The goal by 2008 is to reach a conclusion about whether major differences for government grants should be eliminated, and if so, complete or substantially complete work by then. This is an unusual convergence project because there is no US standard that covers the accounting for government grants for business entities. FAS 116 *Accounting for Contributions Received and Contributions Made* provides an accounting model for non-reciprocal transfers but excludes from its scope government grants for business entities, i.e. the subject matter of IAS 20. Clearly, however, no due process documents will be issued in time to meet the MoU deadline.

Short-term convergence project – Joint ventures

54. The Board published an exposure draft—ED9 *Joint Arrangements*—in September 2007. The main focus is two aspects of the current accounting for joint arrangements that the Board considers are an impediment to high quality reporting:

- The current accounting for joint arrangements follows the legal form in which the activities take place, which does not necessarily reflect the underlying rights and obligations agreed to by the parties.
- The current standard gives preparers a choice when accounting for interests in jointly controlled entities, making it difficult to compare financial reports.

55. The proposal is to focus the accounting for joint arrangements on the rights and obligations reflected in the joint arrangement, rather than the legal vehicle for the arrangement. This will ensure that each party to a joint arrangement reports the assets they control and the liabilities for which they are responsible. If the parties only have a right to a share of the outcome of the activities, they will recognise their net interest in the arrangement. The change of focus allows the Board to remove the option of allowing entities to report their joint ventures using proportionate consolidation. The outcome will be financial statements that provide a more appropriate realistic reflection of the joint arrangement in the financial reports of the parties involved.

Short-term convergence project – Income tax

56. Tax is one of the largest and most common reconciling items for IFRS users registered in the US. Both the IAS 12 *Income Taxes* and the US standard SFAS 109 *Accounting for Income Taxes* require the use of the temporary difference approach. The objective of the project is to achieve convergence on the way that the temporary difference approach is applied. The IASB and FASB's aim has been to achieve convergence through the elimination of exceptions to the temporary difference approach, resulting in a higher quality, more principled standard for both boards. The IASB and the FASB have discussed and reached common decisions on most issues in the project. The only major aspect on which they have not been able to agree is the treatment of uncertainty relating to tax. Differences between IFRSs and US GAAP in the treatment of uncertainties in general make reaching a common decision on tax uncertainties beyond the scope of a short-term convergence project. An exposure draft is expected to be published in 2008.

Insurance contracts

57. The Board published a discussion paper *Preliminary Views on Insurance Contracts* in May 2007. The deadline for comments is 16 November 2007. The IASB staff expects to convene a meeting of the IASB's Insurance Working Group in late March or April 2008 to review the comment letters.

58. In August, the FASB issued an invitation to comment containing the IASB's discussion paper, with an introduction asking for comments on whether the FASB should add this project to its own agenda. The FASB plans to make an agenda decision in the third quarter of 2008.

59. The Discussion Paper addresses accounting by insurers for insurance contracts. This project will also deal with accounting by policyholders for insurance contracts. The staff plans to ask the Board before the end of 2007 to consider the due process for dealing with policyholder accounting.

Liabilities

60. The Board has discussed issues raised at round-table meetings late in 2006 on its proposed revisions to IAS 37. It has focused on concerns about identifying liabilities—how to distinguish liabilities from business risks and how to deal with

uncertainty about the existence of liabilities. It has also met representatives of the legal profession to obtain insights into the uncertainties associated with lawsuits. In the coming months it will discuss feedback on its proposals for measuring liabilities. The Board expects to issue a final standard in the first half of 2009.

Other amendments to standards

61. The Board has a number of projects on its agenda which involve amendments to existing Standards.

62. We have redeliberated issues concerning the exposure draft of amendments to IAS 32 *Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation*. A roundtable will be held in November to discuss the proposed final amendment.

63. We published an exposure draft of proposed amendments to IAS 39 *Financial Instruments: Recognition and Measurement* in September. The exposure draft specifies the risks that qualify for designation as hedged risks and clarifies when an entity may designate a portion of the cash flows of a financial instrument as a hedged item. The aim of these amendments is not to significantly change existing practice regarding what can be designated as a hedged item under IAS 39. Rather their purpose is to clarify the Board's original intentions regarding what can and what cannot be designated as a hedged item.

64. Amendments to IAS 33 *Earnings Per Share* are being considered by the IASB as a result of its efforts to maintain convergence with US GAAP. IAS 33 and the US equivalent, FASB Statement No. 128 Earnings Per Share are substantially the same. The IASB tentatively decided that a new method, commonly referred to as the fair-value method, should be used. The new method would apply to all financial instruments currently subject to either the treasury stock or the if-converted method that can be settled in cash or shares, are classified as a liability and are measured at fair value through profit or loss. The Board has completed its deliberations on the proposed amendments to IAS 33 and expects to issue an exposure draft by the end of 2007.

65. An exposure draft of amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* was published in January 2007. The exposure draft addresses the concern that it may be impracticable to apply IAS 27

Consolidated and Separate Financial Statements with full retrospective effect on transition to IFRS, thereby creating a significant barrier to adoption of IFRSs for the separate financial statements of parent companies. At the September meeting, the Board began its redeliberations. Based on its decisions in September, the Board considers that re-exposure is necessary. The second exposure draft will include an additional amendment to IAS 27. This clarifies that the requirement to account for investments in subsidiaries either at cost or in accordance with IAS 39 in the separate financial statements of a parent does not apply to a new parent entity formed for an existing group when there are no changes in substance resulting from the revised organisation structure. At the July 2007 meeting, the Board tentatively decided that such reorganisations should be accounted for by reference to existing carrying amounts. The second exposure draft is expected to be published by the end of 2007.

66. An exposure draft of proposed amendments to IFRS 2 *Share-based Payment* was published in February 2006. The proposed amendments clarify the definition of vesting conditions and provide guidance on the accounting treatment of cancellations by parties other than the entity. The Board has become aware that there may be differences in the interpretation of 'grant date' between IFRS and US GAAP. The definition of grant date is not addressed by the proposed amendment; however the determination of the grant date has an important interaction with the treatment of cancellations addressed by the amendment. The staff is currently investigating the extent of interpretation differences and whether any further clarification is needed, either as part of the proposed amendment or as a separate project. The finalised amendments to IFRS 2 are expected to be published by the end of 2007.

67. An exposure draft of proposed amendments to IAS 24 *Related Party Disclosures* was published in February 2007. The comment period ended on 25 May 2007. The staff presented a comment letter analysis to the Board in September, and the Board has started its redeliberations of the issues raised in comment letters.

Annual improvements

68. The Board has instituted an 'annual improvements' process to streamline the making of non-urgent, minor amendments to standards. The first exposure draft

of annual improvements was published in October 2007. It proposes amendments to 25 IFRSs. The comment period is 90 days.

69. The proposals range from a restructuring of IFRS 1 *First-time Adoption of International Financial Reporting Standards*, mainly to remove redundant transitional provisions, to minor changes of wording to clarify the meaning and remove unintended inconsistencies between IFRSs. The IASB discussed the individual proposals during the past year and posted near-final drafts on the website as it made decisions on the proposals. The collective publication of the proposals in a single exposure draft is intended to streamline the standard-setting process, with benefits both for interested parties and for the IASB.

70. Our plan is to publish an exposure draft every year in October. We intend to issue the finalised amendments in April each year. The effective date of the amendments is expected to be 1 January of the following year. The amendments resulting from the recently issued first annual improvements exposure draft will be effective 1 January 2009.

Proposed SME Standard

71. The exposure draft of the proposed SME standard was published in February 2007. The exposure draft has been translated into Spanish, French, German, Polish and Romanian.

72. The comment deadline was originally 1 October 2007. In September the Board extended the comment deadline to 30 November 2007. This is primarily to allow entities participating in field tests more time to prepare their comments on the exposure draft.

73. Paul Pacter, the staff SME Director, has made a large number of presentations and published articles on the proposals. Paul also prepared an overview of the exposure draft that has been widely circulated. He is coordinating a programme of field testing, with around 100 SMEs participating. A comprehensive field test questionnaire was published in English, French, and Spanish. One of the large accounting firms developed a compliance checklist that is posted on the IASB's website.

74. In 2008 we plan to consider the results of the field tests and the comments received on the exposure draft. The goal is a final IFRS for SMEs by the end of 2008.

IFRIC activities

75. In the last few months the IASB has approved and published two IFRIC Interpretations and the IFRIC has issued two Draft Interpretations:

   - IFRIC 13 *Customer Loyalty Programmes* addresses accounting by entities that grant loyalty awards (such as 'points' or travel miles) to customers who buy other goods or services. Specifically it explains how such entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits.
   - IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* provides general guidance on how to assess the amount that can be recognized as a pension asset. The amount of the pension asset or liability can be affected when there is a statutory or contractual minimum funding requirement, and there are restrictions on a company's ability to get refunds or reduce contributions.
   - IFRIC D21 *Real Estate Sales* aims to standardize accounting practice among real estate developers for sales of units, such as apartments or houses, 'off plan', i.e. before construction is complete. The Draft Interpretation proposes that revenue should be recorded as construction progresses only if the developer is providing construction services, rather than selling completed real estate units. It proposes features that indicate that the seller is providing construction services. In many countries, these features tend currently not to be present in typical off plan sale agreements.
   - IFRIC D22 *Hedges of a Net Investment in a Foreign Operation* clarifies what qualifies as a risk in the hedge of a net investment in a

foreign operation and where within the group the instrument that offsets that risk may be held.