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**International
Accounting Standards
Board**

This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.

Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IFRIC meeting: **May 2008, London**

Project: **D21 Real Estate Sales – Flowchart (Agenda Paper 2C)**

Introduction

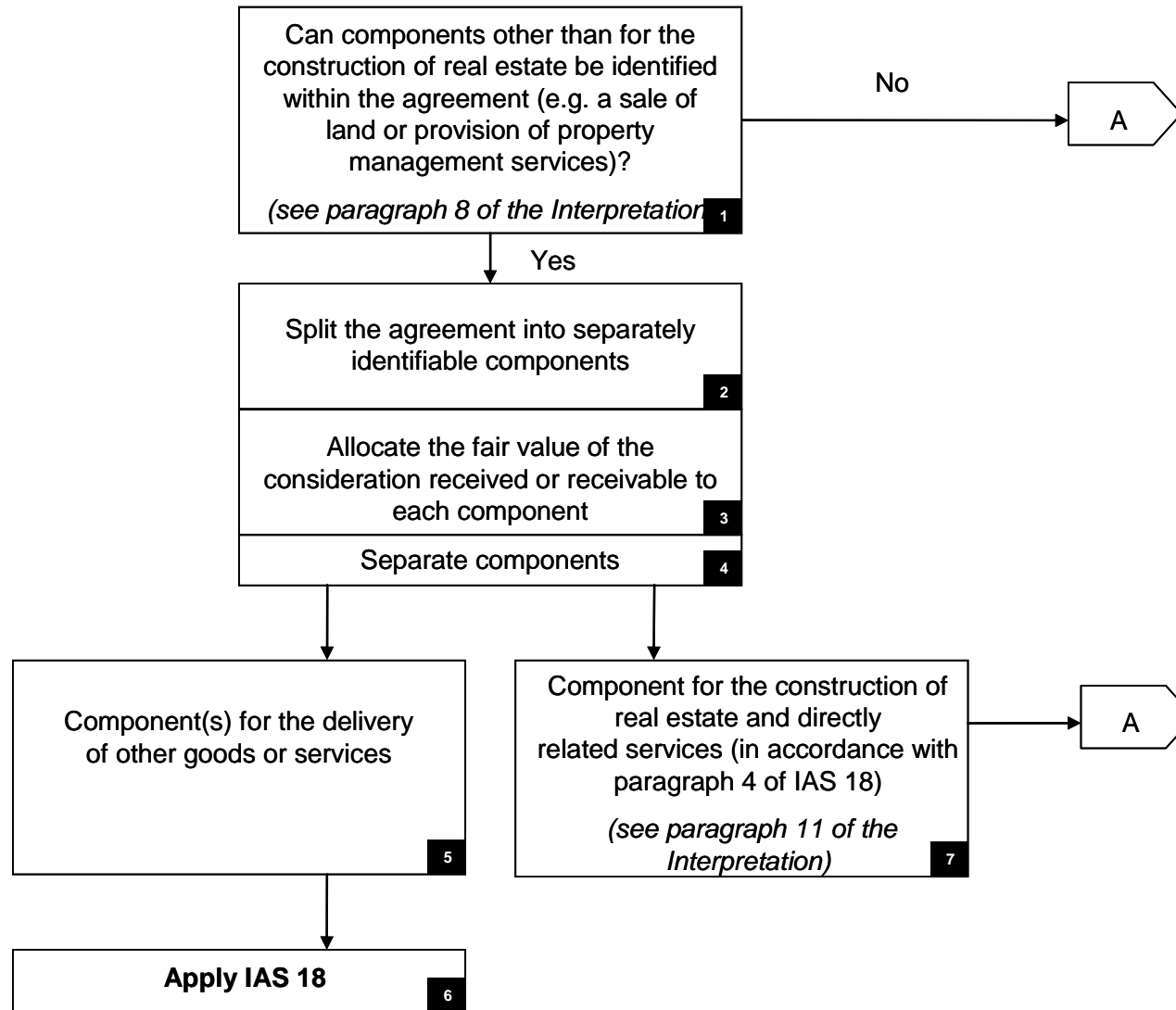
1. At the March IFRIC meeting, the IFRIC generally supported view 2 (see paragraph 13 of agenda paper 2B) and asked the staff to provide some clarifications in the flowchart.
2. Following the meeting, the staff sent another version of the flowchart for comments.
3. In this paper, the flowchart takes into account the comments received from IFRIC members at and after the March meeting.

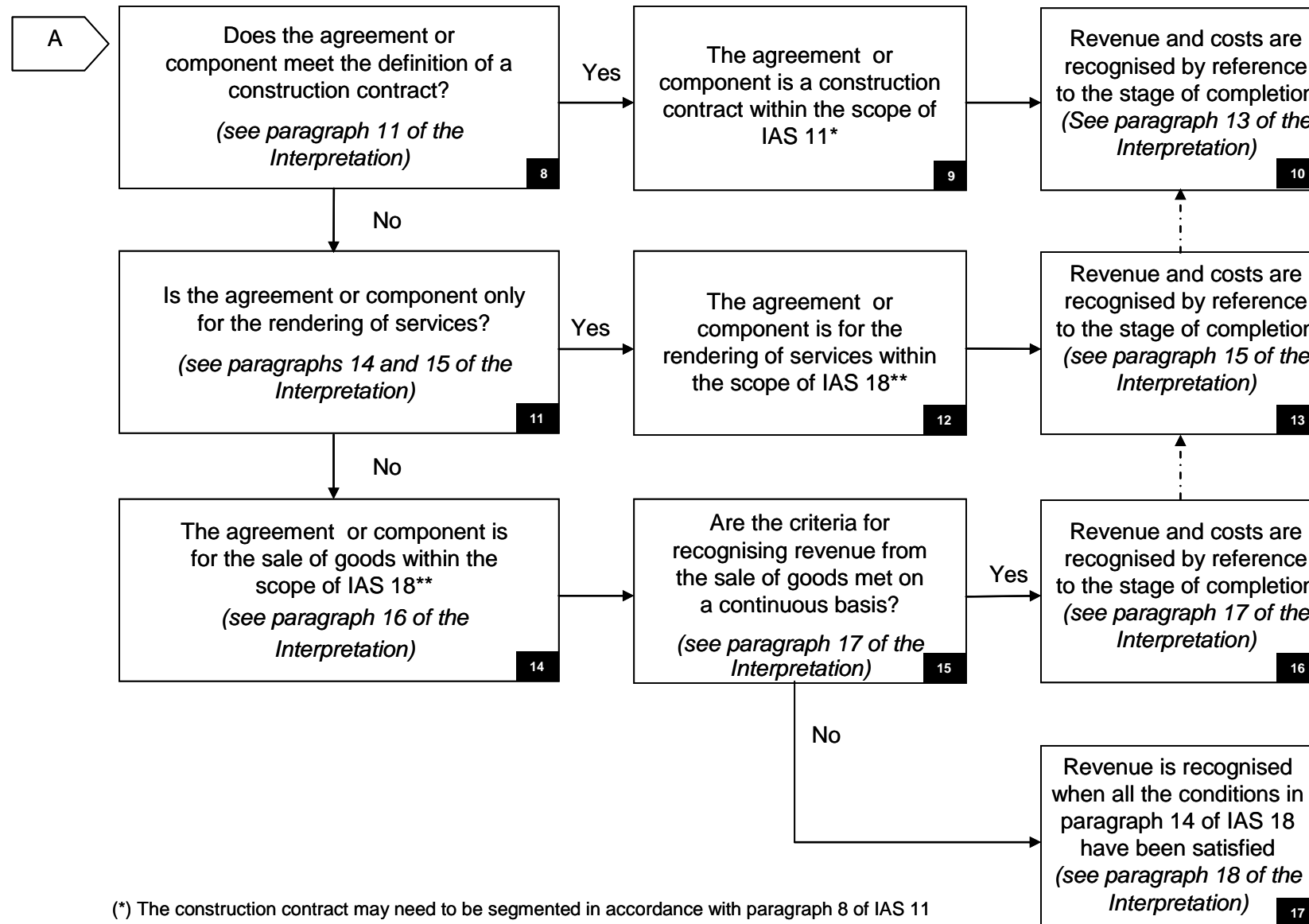
Main changes from last version (March IFRIC meeting)

4. The main changes are as follows:
 - The flowchart now reflects only the conclusion the IFRIC reached in March;
 - It clarifies what is meant by a 'real estate sale agreement or component', that is, an agreement or component for the construction of real estate (see boxes 1 and 7);

- It reaffirms that a sale of land would be identified as a separate component within the scope of IAS 18 at the early stage of analysing the transaction (see boxes 1 and 2). Therefore, the examples of the sale of land and the provision of property management services now appear in box 1 instead of box 5 in the previous version (19 March);
- It reflects that the agreement may be only for the rendering of services (see boxes 11-13);
- From box 14, it clarifies that, when the agreement is for the sale of goods, the criteria may be met either continuously or at a single point of time (eg at completion, upon or after delivery);
- It includes paragraph references to the revised draft Interpretation (see agenda paper 2D).

Flowchart (analysis of a single agreement including the construction of real estate):





(*) The construction contract may need to be segmented in accordance with paragraph 8 of IAS 11

(**) Directly related services may need to be separated in accordance with paragraph 13 of IAS 18

Question for the IFRIC:

5. Do you have any comments on the Flowchart?
6. Do you think the flowchart should accompany the Interpretation (see IFRIC 12 for example)?