



Project **Agenda decisions**

Topic **IFRIC 18 – Applicability to the customer**

Background

1. In March 2009, the IFRIC received a request to add to its agenda an issue regarding the applicability of IFRIC 18 to customers. At the May meeting the IFRIC tentatively decided not to add the issues to its agenda and published the decision for comment in *IFRIC Update*.
2. One comment letter was received supporting the tentative decision and its reasons.

Recommendation and question for the IFRIC

The staff recommends that the IFRIC finalise the agenda decision as published. Wording is included in the Appendix.

Does the IFRIC agree?

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in *IFRIC Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

Appendix A – proposed wording for agenda decision

- B1. The Staff proposes the following wording as published in *IFRIC Update* for the final agenda decision.

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 in the scope of IFRIC 18 *Transfers of Assets from Customers* 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 the accounting by customers transferring assets should be consistent with the principles in IFRIC 18 that, in a normal trading transaction, transfers of assets include exchanges of 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.