



Project	IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>
Topic	CTA Recycling in IAS 27R Transactions

Purpose of this paper

1. The purpose of this paper is to provide an update to the IFRIC of the 19 February 2010 IASB Board deliberations of Exposure Draft ED 9 *Joint Arrangements* (ED 9) relating to issues analysed in the March 2010 IFRIC agenda paper 7A ‘IAS 21 *The Effects of Changes in Foreign Exchange Rates* – CTA Recycling in IAS 27R Transactions’.
2. This update is provided because the staff believe these 19 February 2010 IASB Board deliberations impact parts of the staff analysis in agenda paper 7D.

Background information

3. Agenda paper 7D addresses the question of when the separate foreign currency equity reserve related to the retranslation of the net assets of a net investment (CTA) can be recycled.
4. The agenda paper addresses the question in the context of different changes in an ownership structure. Some of the changes relate to situations when an entity loses significant influence over an associate or loss of joint control in a jointly controlled entity.

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*.

Developments at 19 February 2010 Board meeting

5. At its 19 February 2010 meeting, the Board discussed the section on loss of joint control in the new standard on *Joint Arrangements*. The matters discussed were set out in Agenda Paper 17B¹ for that meeting.
6. At that meeting, the Board tentatively decided to remove all descriptions that associate loss of joint control and loss of significant influence in existing IFRSs with the term 'significant economic event'.
7. The *IASB update* provides a draft summary of decisions taken by the IASB Board in relation to the *Joint Ventures* project on 19 February 2010.
8. This states that the Board also tentatively decided to:
 - amend IAS 21 *The Effects of Changes in Foreign Exchange Rates* to treat the loss of joint control over a joint venture that includes a foreign operation but in which the investor retains significant influence as a partial disposal instead of a disposal.
9. Consequently, the developments at the 19 February 2010 Board meeting will be reflected in the work that the staff continue to perform in analysing the issue of when CTA can be recycled.

¹ <http://www.iasb.org/NR/rdonlyres/AEF093A7-4BB6-4383-A7DC-885AE968FACC/0/JV0210b17Bobs.pdf>