

STAFF PAPER

15 May – 16 May 2012

IFRS Interpretations Committee Meeting

Project	IFRS Interpretations Committee Work In Progress		
CONTACT(S)	Michael Stewart	mstewart@ifrs.org	+44 (0)20 7246 6922

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IFRS Interpretations Committee. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination. Decisions made by the IFRS Interpretations Committee are reported in *IFRIC Update*. The approval of a final Interpretation by the Board is reported in *IASB Update*.

Objective of this paper

1. The objective of this paper is to update the IFRS Interpretations Committee (the Committee) on the current status of issues that are in progress but not to be discussed by the Committee in the May 2012 meeting.
2. This paper does not include requests on issues that are still at a preliminary research stage, including where further information is being sought from the submitter, or other parties, to define more clearly the issue.
3. There are no new issues to report and there are no issues on hold. There are two on-going issues that the staff are working on:
 - (a) IFRS 3 *Business Combinations* – definition of a business.
 - (b) IAS 7 *Statement of Cash Flows* –Examples illustrating the classification of cash flows.
4. A description of these issues is provided in the table below:

On-going Issues			
Ref.	Topic	Brief description	Progress
IFRS 3-10	<i>Business Combinations:</i> Definition of a business	Request for clarification on whether an asset with relatively simple associated processes meets the definition of a business in accordance with IFRS 3. More specifically, the question was whether the acquisition of a single investment property, with lease agreements with multiple tenants over varying periods and associated processes, such as cleaning, maintenance and administrative services such as rent collection, constitutes a business as defined in IFRS 3.	<p>The Committee decided in its September 2011 meeting not to address the issue but to contribute to the Board’s implementation review its experience and the results from its discussions on this issue.</p> <p>Consequently, the Committee directed the staff to continue their discussions with the staff of the US accounting standard setter, the Financial Accounting Standards Board, and to continue their outreach to interested parties from other industry sectors with the aim of providing the Board with relevant information for its post-implementation review.</p> <p>We plan to present the results from our activities and our proposals at the July 2012 meeting.</p>

IAS 7-8	<i>Statement of Cash Flows</i> Examples illustrating the classification of cash flows	The IASB asked the Committee to review requests that it had received in relation to IAS 7 with a view to determining whether it could look collectively at issues that the Committee had recently discussed regarding the classification of cash flows under IAS 7.	<p>At the March 2012 meeting the Committee observed that the primary principle behind the classification of cash flows in IAS 7 is that cash flows should be classified in accordance with the nature of the activity in a manner that is most appropriate to the business of the entity in accordance with the definitions of operating, investing and financing activities in paragraph 6 of IAS 7.</p> <p>The Committee noted that it will use this as a guiding principle when analysing future requests on the classification of cash flows.</p> <p>The Committee also recommended that the Board should clarify the primary principle behind the classification of cash flows in IAS.</p> <p>The staff will present to the Committee at the July 2012 meeting an analysis that will consider some other fact patterns that would illustrate the application of the identified principle behind the classification of the cash flows.</p> <p>The staff will report the Committee's observations to the Board at a future meeting</p>
---------	---	---	---

Question

Does the Committee have any questions or comments on the Committee Outstanding Issues List?