

STAFF PAPER

May 2016

IFRS Interpretation Committee Meeting

Project	Foreign Currency Transactions and Advance Consideration		
Paper topic	Cover paper		
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Purpose of this meeting

1. In October 2015, the IFRS Interpretations Committee (‘the Interpretations Committee’) published a Draft Interpretation *Foreign Currency Transactions and Advance Consideration* (‘the draft Interpretation’). The comment period for the draft Interpretation ended on 19 January 2016.
2. At this meeting, the Interpretations Committee will be asked to consider two papers relating to the Draft Interpretation as follows:

(a) Agenda Paper 7A Foreign Currency Transactions and Advance Consideration—Comment letter summary

This paper provides a summary of the feedback received in response to the draft Interpretation. The paper provides information supporting the analysis in Agenda Paper 7B.

(b) Agenda Paper 7B Foreign Currency Transactions and Advance Consideration—Analysis of matters raised in comment letters

This paper provides the staff’s analysis of some of the more significant matters raised in comment letters to the draft Interpretation, and outlines the staff recommendations

on how best to address those matters. The Interpretations Committee is asked whether it agrees with the staff recommendations.

Next steps

3. The staff plan to discuss the draft Interpretation further with the Interpretations Committee at a future meeting. In particular, we will discuss the effective date for the Interpretation, as well as a few other matters raised in comment letters that have not been addressed in Agenda Paper 7B for this meeting, eg embedded foreign currency derivatives, and concerns about the costs of applying the Interpretation.