

Implementation activities and maintenance projects: Update

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- Update
- Oral update on implementation support
- Application support
 - Some recent IFRS Interpretations Committee agenda decisions
 - IFRS 1 *First-time Adoption of International Financial Standards*
 - Includes a question for GPF members about their experience of a particular fact pattern
 - Symmetric prepayment options (see Agenda Paper 2A)
- Breakout session (see Agenda Paper 2B)
 - Exposure Draft: *Annual Improvements to IFRS® Standards 2015-2017 Cycle*
 - Income tax consequences of payments on financial instruments classified as equity (Issue I)
 - Long-term interests in associates and joint ventures (Issue II)
 - Interest and penalties related to Income Taxes (Issue III)

Recent Interpretations Committee Agenda Decisions

- Three agenda decisions, published in the second half of 2016, include **educative guidance** on how to apply the relevant principles and requirements:
 - IAS 12 *Income Taxes* - Expected manner of recovery of indefinite life intangible assets when measuring deferred tax (November 2016)
 - IFRIC 12 *Service Concession Arrangements* - Service concession arrangements with leased infrastructure (September 2016)
 - IFRIC 12 *Service Concession Arrangements* - Payments made by an operator to a grantor in a service concession arrangement (July 2016)

Recent Interpretations Committee Tentative Agenda Decisions

- Two tentative agenda decisions, published at the end of 2016, include **educative guidance** on how to apply the relevant principles and requirements:
 - IAS 12 *Income Taxes*—Recognition of deferred taxes when acquiring a single-asset entity that is not a business (September 2016)
 - IFRS 10 *Consolidated Financial Statements*—Investment entities and subsidiaries (November 2016)
- We expect the Interpretations Committee to discuss comments on these tentative agenda decisions at its March 2017 meeting.

- If a subsidiary becomes a first-time adopter later than its parent, paragraph D16(a) of IFRS 1 allows the subsidiary to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs.
- We have received a request to clarify if this exemption applies to a foreign currency translation reserve (FCTR) of a subsidiary that was deemed to be zero by its parent on the parent's date of transition to IFRSs (the parent applied paragraph D13 of IFRS 1 on its date of transition).

- This question is applicable only if:
 - A subsidiary becomes a first-time adopter of IFRS Standards after its parent; and
 - The FCTR of the subsidiary on its date of transition to IFRSs is materially different from the subsidiary's FCTR included in the parent's consolidated financial statements.

Questions for GPF members

- Based on your experience, have you seen situations in which a subsidiary with a material FCTR balance has adopted IFRS Standards later than its parent company?
- If yes, what accounting treatment did the subsidiary apply to account for its FCTR on transition to IFRS Standards?

We expect to discuss this question on IFRS 1 at the March 2017 Interpretations Committee meeting.

Symmetric Prepayment Options

- Please see Agenda Paper 2A for information about the Board's project on symmetric prepayments options.

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