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*Decisions become final only after the IFRIC has taken a formal vote on an Interpretation or Draft Interpretation, which is confirmed by the IASB.*

The International Financial Reporting Interpretations Committee met in London on 7 and 8 September 2006, when it discussed:

- Service concession arrangements
- IFRS 2 *Share-based Payment* – Group and treasury share transactions
- IAS 18 *Revenue* – Real estate sales
- IAS 18 *Revenue* – Revenue recognition in respect of initial fees received by a fund manager
- IAS 38 *Intangible Assets* – Treatment of catalogues and other advertising costs
- Tentative agenda decisions

## Service concession arrangements

The IFRIC considered a draft text for an Interpretation on service concession arrangements, developed from D12 *Service Concession Arrangements – Determining the Accounting Model*, D13 *Service Concession Arrangements – the Financial Asset Model* and D14 *Service Concession Arrangements – the Intangible Asset Model* (D12-D14). The draft text reflected the decisions taken by the IFRIC during its post-exposure deliberations. The IFRIC noted and confirmed the following main changes from the proposals:

- the draft text contains a more comprehensive discussion of the reasons for the scope limitations and the reasons for the 'control of use approach' adopted by the IFRIC. An 'Information Note' has been added to provide references to standards that apply to public-to-private arrangements outside the scope of the guidance.
- the scope of the draft text now includes 'whole of life infrastructure' (ie infrastructure used in a service concession arrangement for its entire useful life).
- under D12-D14, an entity would have determined the appropriate accounting by reference to whether the grantor or the user of the public service had primary responsibility to pay the operator for the services provided. The draft text now requires that an entity should recognise a financial asset to the extent that the operator has an unconditional contractual right to receive cash from or at the direction of the grantor. The operator should recognise an intangible asset to the extent that it receives a licence to charge users of the public service. If the operator is paid for its services partly by a financial asset and partly by an intangible asset it is necessary to account separately for each component of the operator's consideration.

- the draft text clarifies that the nature of the asset recognised by the operator as consideration for providing construction services (a financial asset or an intangible asset) does not determine the accounting for the operation phase of the arrangement.
- the draft text contains an amendment to IFRIC 4 *Determining Whether an Arrangement Contains a Lease* to specify that if a service concession arrangement meets the scope requirements of the draft text it would not be within the scope of IFRIC 4.

In addition, the IFRIC directed the staff to incorporate in the draft text of the Interpretation additional guidance as follows:

- Under IAS 23 *Borrowing Costs*, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset may be capitalised as part of the cost of that asset until the asset is ready for its intended use or sale. The IFRIC decided that an intangible asset (ie the grantor gives the operator a licence to operate the infrastructure in return for construction services) meets the definition of a qualifying asset of the operator because the licence would not be ready for use until the infrastructure was constructed. A financial asset (ie the grantor gives the operator a contractual right to receive cash or other financial asset in return for construction services) does not meet the definition of a qualifying asset of the operator; instead, interest is accreted on the carrying value of the financial asset.

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- During the construction phase of the arrangement the operator's asset (representing its accumulating right to be paid for providing construction services) should be classified as (i) an intangible asset when it represents a right to receive a licence to change users of the infrastructure (an intangible asset) or (ii) a financial asset when it represents cash or another financial asset receivable from or at the direction of the grantor.
- An intangible asset given by the grantor to the operator in exchange for construction services should be recognised in accordance with the principles applicable to contracts for the exchange of assets or services. The contract should not be recognised to the extent that it is executory. The IFRIC noted that service concession arrangements within the scope of the guidance are generally executory when the contracts are signed.

The IFRIC also decided to include three worked examples in the guidance illustrating the different types of service concession arrangements that exist in practice.

Subject to drafting comments to be provided to the staff, the IFRIC confirmed its decisions and directed the staff to present the revised draft text to the Board with a request that it be issued as an Interpretation. The staff should draw the Board's attention to the main changes. The IFRIC recommended not re-exposing the guidance because the main changes made reflected issues discussed in D12-D14. The IFRIC noted that, given the significance of the Interpretation, it was more appropriate that the Board should determine the effective date. However, it was noted that the effective date was unlikely to be before 1 January 2008.

## **IFRS 2 Share-based Payment – Group and treasury share transactions**

The staff presented a revised text for an Interpretation developed from D17 IFRS 2 – *Group and Treasury Share Transactions*. The IFRIC decided to present the revised text to the Board, after amendment to reflect changes agreed at the meeting, with a request that the Board approve it for issue as an Interpretation.

The IFRIC discussed the revised draft Interpretation, in particular the following areas:

- share-based payment arrangements in which a parent grants rights to its equity instruments directly to the employees of its subsidiary
- share-based payment arrangements in which a subsidiary grants rights to equity instruments of its parent to its employees
- transfers of employees between group entities.

### **Share-based payment arrangements in which a parent grants rights to its equity instruments direct to the employees of its subsidiary**

The IFRIC noted that when the employees of a subsidiary are granted equity instruments of the parent as consideration for their services to the subsidiary, IFRS 2 paragraph 3 requires

the subsidiary to recognise the transfers of equity instruments to its employees as share-based payment transactions within the scope of IFRS 2. The IFRIC noted that the parent has an involvement in the arrangement by committing itself to the employees of the subsidiary to provide them with its equity instruments. To reflect the parent's involvement in the arrangement, the IFRIC decided that the subsidiary should apply the principle in IFRS 2 paragraph 3 by adopting in its own financial statements the same measurement basis as the parent uses in its consolidated financial statements. Accordingly, provided that the transaction is accounted for as equity-settled in the consolidated financial statements of the parent, the subsidiary should measure the services received on the equity-settled basis.

The IFRIC also concluded that a contribution from an equity participant which is equal to the fair value of the services provided by the employees should be recognised in equity in the financial statements of the subsidiary.

The IFRIC considered whether the Interpretation should address how to account for an intragroup payment arrangement in which the subsidiary pays the parent for the provision of the equity instruments to the employees. The IFRIC decided not to address that issue, since it did not wish to widen the scope of the Interpretation to address an issue that related to accounting for intragroup payment arrangements generally.

### **Share-based payment arrangements in which a subsidiary grants rights to equity instruments of its parent to its employees**

The IFRIC observed that, from the perspective of the subsidiary, an arrangement in which the parent grants rights to its equity instruments to the employees of its subsidiary is different from one in which the subsidiary grants to its employees rights to equity instruments of the parent.

The IFRIC noted that the latter arrangement, like the former, is a share-based payment arrangement in accordance with IFRS 2 paragraph 3. The IFRIC noted, however, that, in the latter arrangement, the subsidiary has an obligation to provide to its employees in return for their services equity instruments that are not equity instruments of the subsidiary. The IFRIC concluded that the subsidiary should account for that transaction with its employees as a cash-settled, rather than equity-settled, share-based payment transaction.

### **Transfers of employees between group entities**

Lastly, the IFRIC discussed situations in which a parent grants rights to its equity instruments to the employees of its subsidiary, with a vesting condition that requires the employees to work for the group for a particular period. An employee of one subsidiary might transfer employment to another subsidiary during the vesting period, without the employee's rights to equity instruments of the parent under the original share-based payment arrangement being affected.

The IFRIC agreed that, if an employee still meets the non-market vesting condition of continuing service with the group, the transfer of employment should not be treated as a new grant in the financial statements of the subsidiary to which employment transfers. Nor should the transfer of employment be treated as an employee's failure to satisfy the

non-market vesting condition of continuing service in the financial statements of the subsidiary from which employment transfers.

Furthermore, the IFRIC agreed that, if the employee, after transferring between group entities, fails to meet a non-market vesting condition, each relevant subsidiary should adjust the amount previously recognised in respect of the services received in accordance with the principles in IFRS 2 paragraph 19.

## **IAS 18 Revenue – Real estate sales**

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The IFRIC discussed real estate sales in which an agreement for sale is reached before construction is complete. Diversity in practice has been reported primarily in the context of residential real estate developments in which buyers enter binding ‘pre-completion’ agreements to purchase a specific unit within the development once it has been built. However, the IFRIC’s project is not limited to such transactions – it addresses all types of real estate transactions.

### **Applicable standards**

At this meeting, the IFRIC first considered whether the sales agreements would be construction contracts within the scope of IAS 11 *Construction Contracts*. It noted that the definition in IAS 11 requires the contracts to be ‘specifically negotiated for the construction of an asset or a combination of assets...’ The IFRIC tentatively concluded that sale agreements meet this definition only if they require the seller to provide construction services to the buyer’s specification. For ‘specific negotiation’ to be present, the buyer need not specify every detail of the design, but must have control over whether and how construction progresses. A typical residential pre-completion contract does not meet the definition of a construction contract, even if the buyer is able to specify some variations to the basic design or select from a range of house designs.

### **Applying IAS 18**

The IFRIC considered the revenue recognition requirements for sale agreements that are not construction contracts and, hence, are sales of goods within the scope of IAS 18. It noted that revenue should be recognised only when all the criteria in paragraph 14 of IAS 18 have been met. Two of the criteria require the seller to have transferred the significant risks and rewards of ownership and effective control of the real estate to the buyer. The IFRIC noted that these criteria were being interpreted in different ways and decided that application guidance was needed. It discussed various factors that might be relevant. It tentatively concluded that the criteria should be applied to the underlying real estate in its current state, not the buyer’s right to obtain the completed real estate at a later date. A binding sale agreement might transfer to the buyer control over the right to acquire and then use the completed real estate and the risks and rewards of movements in the price of the completed real estate. However, in many jurisdictions, typical pre-completion contracts do not give buyers control over the existing incomplete real estate: the seller is likely to

retain control until the buyer obtains possession. All types of risk, including construction risk should be taken into consideration when assessing whether the risks and rewards of ownership have been transferred to the buyer.

The IFRIC also considered situations in which IAS 18’s revenue recognition criteria are met before construction is complete, for example if the buyer obtains possession before the developer has completed internal fittings or constructed communal amenities. It noted that existing guidance on this matter in the Appendix to IAS 18 is being interpreted in ways that are inconsistent with the requirements of IAS 18. The IFRIC decided to develop new guidance, which it would propose as a replacement for the existing guidance in the Appendix.

With respect to this guidance, the IFRIC tentatively concluded that if the revenue recognition criteria have been met before construction is complete, the seller should recognise its remaining obligations either by recognising the costs to complete the construction at the same time as it recognises the sale (ie applying paragraph 19 of IAS 18) or allocating some of the sales proceeds to the outstanding work and recognising this amount of revenue only when the work is performed (applying paragraph 13 of IAS 18). The first method (application of paragraph 19) would be appropriate if the remaining work is required to finish construction of real estate already delivered into the possession of the buyer, for example to remedy minor defects. The second method (application of paragraph 13) would be appropriate if the remaining work represents goods or services (such as communal amenities) that are separately identifiable from the real estate already delivered to the buyer. The IFRIC noted that the appropriate treatment would depend on the terms of the contract and that judgement would be required.

### **Allocation of costs and revenues to individual units**

Finally, the IFRIC considered whether it should address the way in which costs should be allocated to individual real estate units within a multiple-unit development. It noted that this issue related to measurement of work in progress and, hence, the application of IAS 2 *Inventories*. It concluded that the issue was peripheral to the main aims of this project (revenue recognition) and that if there were a need to interpret the measurement requirements of IAS 2, this should be done in a separate project that was not limited to real estate. Therefore it decided not to address the issue as part of this project.

The IFRIC directed the staff to prepare a draft text of a Draft Interpretation reflecting these decisions for discussion at a future meeting.

## **IAS 18 Revenue – Revenue recognition in respect of initial fees received by a fund manager**

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The IFRIC discussed how revenue should be recognised by a fund manager in the situation where the fund manager receives a one-off non-refundable upfront fee followed by regular payments for ongoing services received. In this situation, the upfront fee is non-refundable even if the investor leaves the fund immediately after paying the upfront fee.

The IFRIC agreed that in order to reach a conclusion on when revenue should be recognised under IAS 18, it would need first to consider at what point services were provided to the customer in return for the upfront fee.

### **Is investment advice provided upfront by a fund manager a service to an investor?**

The IFRIC agreed that in some situations investors will pay for investment advice regardless of whether they invest in the recommended product. In those situations investors believe that they receive a valuable service at the point at which the investment advice is provided; revenue should therefore be recognised at that point.

In other situations investors pay for investment advice only if they acquire the investment. The IFRIC decided that, in this situation, there is no objective evidence that investors receive a valuable service separate from the ongoing service. The investment advice is inherently linked to acquiring that investment at that point but the investor receives the benefit of the service only over the life of the investment. Consequently, the IFRIC concluded that this activity would not trigger the recognition of revenue.

The IFRIC went on to consider upfront brokerage services and the setting-up of fund units. These activities differ from upfront investment advice because they are provided after a binding commitment to pay has been entered into. The IFRIC decided that these activities were a service provided to the investor, but that the investor receives the benefit of these services only over the life of the investment. Since the benefit of these services is not received by the investor upfront, the revenue should not all be recognised upfront.

The IFRIC then considered how the revenue in respect of the initial fee received should be apportioned over the investment period. Differing views existed on whether the fee should be deferred and recognised on the basis of the provision of services (for example, being apportioned on the basis of the cost of services provided), whether it should be recognised on the basis of receipt of the services by the customer (for example, being apportioned to give a constant percentage of investment growth) or whether it should be recognised on a straight-line basis over the course of the expected investment period.

The staff were asked to prepare a paper, for a future IFRIC meeting, that would consider how revenue should be recognised in these arrangements and how the underlying principles giving rise to the decisions made in the September

meeting could be applied to other situations where initial fees were received followed by a regular ongoing fee.

## **IAS 38 Intangible Assets – Treatment of catalogues and other advertising costs**

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The IFRIC discussed whether to initiate a project to develop guidance on how to account for the costs of developing, designing and printing catalogues and other advertising in the situation in which costs are incurred before the reporting date but the catalogues are not distributed until after the reporting date.

The IFRIC thought it likely that divergence exists in practice with some entities accounting for catalogues as inventory, some as a prepayment, and some recognising the costs in profit or loss immediately. Where costs are deferred, the IFRIC considered that divergence may exist in the way that the costs are subsequently recognised as an expense, with some being recognised as an expense when the catalogues are distributed, and others amortised over the life of the catalogues.

The IFRIC observed that divergence in this area was unlikely to be limited to catalogues since different forms of promotional or advertising material could be used for the same purpose (for example Websites, shop windows, television channels etc). The IFRIC therefore agreed that the scope of the project should address costs incurred on advertising and promotion in general. Consequently, the IFRIC agreed to initiate a project to consider when costs incurred for advertising and promotional activities (including catalogues) may be carried forward in the balance sheet. In doing so the IFRIC would pay particular attention to paragraphs 68-70 of IAS 38, which state that advertising and promotional expenditure must be recognised as an expense when incurred but do not preclude recognising a prepayment when payment for the goods or services has been made in advance of the delivery of goods or rendering of services.

## Tentative agenda decisions

The IFRIC reviewed the following matters, which the Agenda Committee had recommended should not be taken onto the IFRIC agenda. These tentative decisions, including, where appropriate, recommended reasons for not taking them onto the IFRIC agenda, will be re-discussed at the November 2006 IFRIC meeting. Constituents who disagree with the proposed reasons, or believe that the explanations may contribute to divergent practices, are welcome to communicate those concerns by 20 October 2006, preferably by email to: [ifric@iasb.org](mailto:ifric@iasb.org) or by post to:

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Communications will be placed on the public record unless confidentiality is requested by the writer, supported by good reason, such as commercial confidence.

### **IFRS 2 Share-based Payment – Employee benefit trusts in the separate financial statements of the sponsor**

The IFRIC discussed an issue that had been submitted in connection with the amendment of SIC-12 to include within its scope special purpose entities established in connection with equity compensation plans. The issue relates to an employee benefit trust (or similar entity) that has been set up by a sponsoring entity specifically to facilitate the transfer of its equity instruments to its employees under a share-based payment arrangement. The trust holds shares of the sponsoring entity that are acquired by the trust from the sponsoring entity or from the market. Acquisition of those shares is funded either by the sponsoring entity or by a bank loan, usually guaranteed by the sponsoring entity. In most circumstances, the sponsoring entity controls the employee benefit trust. In some circumstances, the sponsoring entity may also have a direct control of the shares held by the trust. The issue is whether guidance should be developed on the accounting treatment for the sponsor's equity instruments held by the employee benefit trust in the sponsor's separate financial statements.

The IFRIC discussed whether the employee benefit trust should be treated as an extension of the sponsoring entity, such as a branch, or as a separate entity. The IFRIC noted that the notion of 'entity' is defined neither in the *Framework* nor in IAS 27 *Consolidated and Separate Financial Statements*. Then, the IFRIC discussed whether the sponsoring entity should account, in its separate financial statements, for the net investment according to IAS 27 or rather for the rights and obligations arising from the assets and liabilities of the trust. The IFRIC noted that, in some circumstances, the sponsoring entity may have direct control of the shares held by the trust. The IFRIC also noted that the guidance included in the *Framework* and IAS 27 does not address the accounting for the shares held by the trust in the sponsor's separate financial statements.

The IFRIC concluded that it could not reach a consensus on this matter on a timely basis, given the different types of trusts and trust arrangements that exist. The IFRIC noted that this issue relates to two active projects of the IASB:

Conceptual Framework and Consolidation (including Special Purpose Entities). For these reasons, [the IFRIC decided] not to take this issue onto its agenda.

### **IFRS 7 Financial Instruments: Disclosures – Presentation of 'net finance costs' on the face of the income statement**

At its meeting in October 2004, the IFRIC noted that, taken together, paragraphs 32 and 81 of IAS 1 *Presentation of Financial Statements* preclude the presentation of 'net finance costs' on the face of the income statement unless finance costs and finance revenue are also shown on the face of that statement. IFRS 7 *Financial Instruments: Disclosures* was issued in 2005. Paragraph IG13 of IFRS 7 states that 'The total interest income and total interest expense disclosed in accordance with paragraph 20(b) is a component of the finance costs, which paragraph 81(b) of IAS 1 requires to be presented separately on the face of the income statement. The line item for finance costs may also include amounts that arise on non-financial assets or non-financial liabilities.'

The IFRIC was asked whether the IFRIC's October 2004 analysis regarding presenting 'net finance costs' on the face of the income statement is still valid in the light of paragraph IG13 of IFRS 7.

The IFRIC believed that its analysis in October 2004 was still valid. Consequently, [the IFRIC decided] not to take the issue onto the agenda.

The IFRIC believed that the words in paragraph IG13 of IFRS 7 may result in confusion. [The IFRIC, therefore, decided] to recommend to the IASB that the paragraph should be amended.

### **IAS 11 Construction Contracts – Allocation of profit in a single contract**

The IFRIC considered an issue identified in its deliberations of service concession arrangements, namely whether it is appropriate in a single contract to determine different profit margins for the different components of the contract.

Whilst IAS 11 *Construction Contracts* has specific criteria for contract segmentation, the guidance on segmenting in IAS 18 *Revenue* is expressed only at a general level. The IFRIC noted that in IAS 18:

- paragraph 4 states that services directly related to construction contracts are not dealt with in IAS 18 but are dealt with in IAS 11
- paragraph 13 states that in certain circumstances, it is necessary to apply the recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction.

The IFRIC noted that, whilst IAS 18 paragraph 21 refers to IAS 11, it does so only for the percentage of completion method for recognition of revenue and the associated expenses and does not refer to the combining, segmenting and disclosure requirements of IAS 11.

The IFRIC noted that, as part of its project on D20 *Customer Loyalty Programmes*, it has deliberated whether, in a single contract within the scope of IAS 18, it is appropriate to determine different profit margins for the different

components of the contract. In D20, the IFRIC tentatively concluded that the requirements of IAS 18 paragraph 13 to account for separately identifiable components of a contract would require segmentation of contracts that have separately identifiable components potentially with different profit margins. D20 also proposes guidance on how to allocate the total contract revenue to the different components.

The IFRIC noted that, for a single contract for construction and other services not directly related to construction activities, IAS 18 paragraphs 4 and 13 require the contract to be separated into two components, a construction component within the scope of IAS 11 and a service component within the scope of IAS 18, in order to reflect the substance of the transaction. The IFRIC noted that the segmenting criteria of IAS 11 apply only to the progressive recognition of margin relating to the construction component and that the requirements of paragraph 13 of IAS 18 apply to the service component. The consequence is that different profit margins might be recognised on the different components of such a single contract.

The IFRIC believed that there is sufficient guidance in IAS 18, IAS 11 and D20 and [decided] not to take this item onto its agenda.

### **IAS 38 *Intangible Assets* – Classification and accounting for SIM cards**

The IFRIC received a request for an Interpretation as to whether a mobile phone operator should account for a Subscriber Identity Module (or 'SIM card') as an intangible asset in accordance with IAS 38 or as inventory in accordance with IAS 2.

The IFRIC noted that the accounting for SIM cards before their delivery to customers or after connecting these customers to the network using such SIM cards is unlikely to be of practical or widespread relevance as the amounts involved are unlikely to be significant.

The IFRIC also noted that the accounting for SIM cards which have been delivered to customers is part of the question of which costs incurred by a mobile phone operator entering into a contract with a customer qualify for recognition as subscriber acquisition costs. The IFRIC had previously considered the treatment of subscriber acquisition costs in the telecommunications industry and, in March 2006, declined to take the issue onto its agenda.

The IFRIC therefore considered that the question of how SIM cards should be accounted for was a part of the issue that it had declined to take onto its agenda in March 2006. [The IFRIC reaffirmed] its March 2006 decision that the issue should not be taken onto its agenda.

### **IAS 38 *Intangible Assets* – Adoption of IAS 38 (revised 2004)**

In December 2003 consequential amendments were made to IAS 38 *Intangible Assets* arising from the improvements to IAS 16 *Property, Plant and Equipment*. These amendments did not change the transitional provisions in IAS 38. In March 2004, further amendments to IAS 38 were made, as a consequence of the issue of IFRS 3 *Business Combinations*. These later amendments changed the transitional provisions in IAS 38 to require prospective application. Both the

December 2003 and March 2004 amendments became effective for annual periods beginning on or after 1 January 2005.

The IFRIC received a request for guidance on whether the December 2003 consequential amendments should be applied retrospectively or prospectively if an entity adopted the March 2004 version of IAS 38 early.

Whilst the IFRIC agreed that divergence may have occurred in the way that the two sets of amendments to IAS 38 were adopted in 2004, it believed that the issue was not widespread and that further diversity was unlikely to develop in the future. The [IFRIC therefore decided] not to take the issue onto its agenda.

### **IAS 39 *Financial Instruments: Recognition and Measurement* – Testing of hedge effectiveness on a cumulative basis**

The IFRIC was asked to consider a situation in which an entity uses regression analysis to assess both retrospective and prospective effectiveness. In measuring hedge effectiveness at the initial stage of the hedging relationship, the entity finds that the actual dollar-to-dollar comparison of the changes in the fair value or cash flows of the hedged item that are attributable to the hedged risk and the changes in the fair value or cash flows of the hedging instrument was outside a range of 80-125 per cent. The issue was whether such a result meant that the entity failed to qualify for hedge accounting in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

The IFRIC noted that IAS 39 distinguishes the requirement to perform periodic hedge effectiveness tests from the requirement to measure and recognise hedge effectiveness and ineffectiveness. The IFRIC noted that measurement of hedge effectiveness and ineffectiveness requires the comparison of the actual gains or losses on the hedging items and those on the hedged instruments.

However, the IFRIC observed that IAS 39 does not specify a single method for assessing retrospective and prospective hedge effectiveness. Paragraph 88 of IAS 39 requires that an entity should document the method for assessing hedge effectiveness at inception of the hedging relationship and apply the same method consistently over the life of the hedging relationship. The entity should use the documented method to perform the tests. The IFRIC believed that the fact that the dollar-to-dollar comparison of the changes in the fair value or cash flows of the hedged items and the changes in the fair value or cash flows of the hedging instrument falls outside a range of 80-125 per cent does not necessarily result in the entity failing to qualify for hedge accounting, provided that the dollar-to-dollar comparison is not the method documented at inception of the hedge for assessing hedge effectiveness. The IFRIC also noted that, regardless of how hedge effectiveness is assessed, IAS 39 requires any hedge ineffectiveness to be recognised in profit or loss.

The IFRIC noted that specifying how to apply a particular method for assessing hedge effectiveness would require development of application guidance (rather than an Interpretation). [The IFRIC, therefore, decided] not to take the issue onto the agenda.

## Update on Agenda Committee business

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The staff reported on issues under review by the Agenda Committee that had not yet reached the IFRIC agenda. Items that had been discussed at the September meeting were:

- financial instruments puttable at an amount other than fair value
- hedging a net investment in subsidiaries.

There were, additionally, issues that had come before either the IFRIC or the Agenda Committee but were awaiting further staff research or progress on a related topic:

- demergers and other 'in specie' distributions
- various pensions issues, including those arising from D9
- short trading
- measurement of immature assets under IAS 41 *Agriculture*.

The Chairman said that the IFRIC would shortly be given an opportunity to consider whether to leave certain of these issues to be dealt with by the Board or to work in parallel with a Board project.

From July 2006, IFRIC meetings have been audio cast live via the Internet and are made available on the IASB Website for six months after the meeting. Please visit the IASB Website at [www.iasb.org](http://www.iasb.org) for more information.

### Future IFRIC meetings

The IFRIC's meetings are expected to take place in London, UK, as follows:

#### 2006

- 2 and 3 November

#### 2007

- 11 and 12 January
- 8 and 9 March
- 3 and 4 May
- 12 and 13 July
- 6 and 7 September
- 1 and 2 November

Meeting dates, tentative agendas and additional details about the next meeting will also be posted to the IASB Website at [www.iasb.org](http://www.iasb.org) before the meeting. Instructions for submitting requests for Interpretations are given on the IASB Website at [www.iasb.org/about/ifric.asp](http://www.iasb.org/about/ifric.asp)



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