

## IFRIC Update April 2021

IFRIC *Update* is a summary of the decisions reached by the IFRS Interpretations Committee (Committee) in its public meetings. Past *Updates* can be found in the [IFRIC Update archive](#).

The Committee met on [20 April 2021](#), and discussed:

### Agenda decisions for Board consideration

- [Attributing Benefit to Periods of Service \(IAS 19 Employee Benefits\)—Agenda Paper 2](#)
- [Hedging Variability in Cash Flows due to Real Interest Rates \(IFRS 9 Financial Instruments\)—Agenda Paper 4](#)

### Other matters

- [Classification of Debt with Covenants as Current or Non-current \(IAS 1 Presentation of Financial Statements\)—Agenda Paper 3](#)
- [Work in Progress—Agenda Paper 5](#)

### Related information

[The work plan](#)

[Supporting consistent application](#)

## **Agenda decisions for Board consideration**

### **Attributing Benefit to Periods of Service (IAS 19 *Employee Benefits*)—Agenda Paper 2**

The Committee considered feedback on the [tentative agenda decision](#) published in the December 2020 IFRIC *Update* about the periods of service to which an entity attributes benefit for a particular defined benefit plan.

The Committee reached its conclusions on the agenda decision. In accordance with paragraph 8.7 of the IFRS Foundation's [Due Process Handbook](#), the Board will consider this agenda decision at its May 2021 meeting. If the Board does not object to the agenda decision, it will be published in May 2021 in an addendum to this IFRIC *Update*.

#### ***Agenda paper 2: Report to the Board***

Respondents to the tentative agenda decision said paragraphs 70–74 of IAS 19 are not always clear about the principles to be applied when attributing benefit to periods of service for a defined benefit plan.

### **Hedging Variability in Cash Flows due to Real Interest Rates (IFRS 9 *Financial Instruments*)—Agenda Paper 4**

The Committee considered feedback on the [tentative agenda decision](#) published in the December 2020 IFRIC *Update* about applying the hedge accounting requirements in IFRS 9 when the risk management objective is to 'fix' the cash flows in real terms.

The Committee reached its conclusions on the agenda decision. In accordance with paragraph 8.7 of the IFRS Foundation's [Due Process Handbook](#), the Board will consider this agenda decision at its May 2021 meeting. If the Board does not object to the agenda decision, it will be published in May 2021 in an addendum to this IFRIC *Update*.

## **Other matters**

### **Classification of Debt with Covenants as Current or Non-current (IAS 1 *Presentation of Financial Statements*)—Agenda Paper 3**

The Committee considered feedback on the [tentative agenda decision](#) published in the December 2020 IFRIC *Update* about how an entity applies *Classification of Liabilities as Current or Non-current*, which amended IAS 1, to particular fact patterns.

The Committee confirmed its agreement with the technical analysis and conclusions in the tentative agenda decision. Nonetheless, before finalising the agenda decision, the Committee decided to report to the Board:

- a. its technical analysis and conclusions on the matter; and
- b. respondents' comments on the outcomes and potential consequences of applying the amendments, highlighting those that might provide information the Board did not consider when developing the amendments.

**Next step**

The Board will discuss the matter at a future Board meeting.

**Work in Progress—Agenda Paper 5**

The Committee received an update on the current status of open matters not discussed at its meeting in April 2021.