

IFRIC Update is published as a convenience to the IASB's constituents. All conclusions reported are tentative and may be changed or modified at future IFRIC meetings.

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 IFRIC met in London on 8 and 9 March 2007, when it discussed:

- D19 IAS 19—*The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements*
- D20 *Customer Loyalty Programmes*
- IAS 18 *Revenue*—Sales of real estate
- IAS 21 *The Effects of Changes in Foreign Exchange Rates*—The hedge of a net investment in a foreign operation
- IAS 38 *Intangible Assets*—Advertising and promotion
- IFRS 5 *Non-current Assets held for Sale and Discontinued Operations*—Plan to sell the controlling interest in a subsidiary
- IFRIC Agenda Decisions
- Tentative Agenda Decisions

D19 IAS 19—The Asset Ceiling: Availability of Economic Benefits and Minimum Funding

The IFRIC redeliberated its draft Interpretation D19 in the light of the comment letters received. The IFRIC decided to retain the fundamental approach in D19 subject to the changes and clarifications outlined below.

- The title and scope of the Interpretation will clarify that two often independent issues are being addressed: recognition and measurement of an asset subject to the asset ceiling test and the effect of minimum funding requirements (MFR).

- The Basis for Conclusions will include a fuller explanation of the rationale for recognising a liability in respect of contributions due under a minimum funding requirement which, once paid, will not be available to the entity. The IFRIC concluded that an obligation to make such contributions is analogous to an onerous contract, since the payments will give rise to no future economic benefits. Recognition of that obligation is therefore consistent with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as well as with the *Framework*.
- The Interpretation will address all MFR obligations but no further guidance will be given in respect of whether an agreement with the Trustees or a similar non-statutory agreement would create such an obligation. It will be made clear, however, that MFR obligations do not include promises such as an undertaking in an employment contract to contribute a specified percentage of the employee's remuneration for each year of service.
- No allowance should be made for expected changes in the terms and conditions of the MFR that are not substantively enacted at the balance sheet date or not yet contractually agreed.
- The Interpretation will state that an entity should recognise an asset as available as a refund only if it has a right to that refund.
- When the refund is a fixed nominal (or absolute) amount to be paid in the future, the entity should make an allowance for the time value of money using IAS 19 assumptions.
- Future minimum funding contributions payable should be determined using the MFR assumptions and incorporate the expected MFR funding level. All other amounts used in applying the Interpretation should be derived using the assumptions required in IAS 19. In this connection, the IFRIC concluded that, in the calculation of the asset available as a future

contribution reduction, projections of demographic changes should be based on a stable membership, with retirements, deaths and leavers replaced by new entrants and with other assumptions consistent with those underlying the calculation of the defined benefit obligation under IAS 19.

- Application of the Interpretation will be required from the beginning of the first period presented rather than full retrospective application, since full retrospective application would be unduly onerous for entities to which paragraph 58A of IAS 19 applied and which opted for the corridor approach for the recognition of actuarial gains and losses.

A draft Interpretation with these and other editorial suggestions will be presented to the IFRIC at its next meeting.

D20 Customer Loyalty Programmes

The IFRIC continued its redeliberation of draft Interpretation D20 *Customer Loyalty Programmes* in the light of comments received.

Allocation of consideration received

The IFRIC reconsidered the proposal in D20 that the consideration received should be allocated between the loyalty award credits and other goods and services sold by reference to their *relative* fair values. Commentators had suggested that the amount allocated to

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the award credits could instead be measured purely by reference to the fair values of those award credits, with the difference between this amount and the total consideration being allocated to the goods and services already supplied and qualifying for revenue recognition. This alternative allocation method could be easier to apply in practice, and justified for customer loyalty awards on cost/benefit grounds. Overall, the IFRIC members believed that the relative fair value method best reflected the measurement objectives of IAS 18. However, some members expressed tentative support for allowing either of the allocation methods on practical grounds, provided it was clear that the consideration allocated to the award credits was based on their fair value, not cost. The IFRIC directed the staff to undertake further analysis for discussion at the next meeting.

The IFRIC decided to move the proposed guidance on estimating fair values of award credits (paragraph 7 of D20) from the Consensus to a separate appendix of Implementation Guidance. It also decided to add text emphasising that this guidance discussed only one possible method of estimating fair values. Other methods might be more suitable in some circumstances.

Recognition of revenue allocated to awards

The IFRIC considered requests for more guidance on how to apply the proposal that revenue allocated to the award credits should be recognised ‘in the periods, and reflecting the pattern, in which award credits are redeemed’. Commentators were uncertain when revenue should be recognised in respect of award credits that were forfeited, and how entities should account for changes in estimates regarding forfeiture rates. The IFRIC decided to add an example to the Interpretation illustrating how the requirements would apply in these situations. The IFRIC confirmed that the measurement of the fair value of all awards granted should reflect expected forfeitures.

Awards supplied by third parties

The IFRIC discussed situations in which the award credits are rights to goods and services provided by a third party. Commentators had requested guidance on whether and in what circumstances the entity should measure its revenue at the gross amount allocated to the award credits, or net of the amount passed on to the third party. The IFRIC decided that the Interpretation should acknowledge the need to consider this. It should highlight the need for management to assess whether the entity had collected (or would collect) the consideration on its own account (ie as the principal in the transaction) or on behalf of the third party (ie as an agent for the third party) and apply the requirements of paragraph 8 of IAS 18 *Revenue* accordingly. If acting as the principal, the entity would measure its revenue at the gross amount collected and recognise it in the periods in which the customer receives the goods or services awarded. If acting as an agent, the entity would measure its revenue net of amounts passed on to the third party and recognise the net amount when the third party assumes the obligation to supply the awards.

The IFRIC also decided to add an example illustrating how the requirements of the Interpretation would apply to awards supplied by third parties.

Customer relationship intangible assets

The IFRIC decided to delete paragraph 11 of D20, which stated that: ‘Customer loyalty programmes may create or enhance customer relationship intangible assets. Such assets are recognised only if the recognition criteria in IAS 38 are met’. The IFRIC agreed with commentators that this paragraph was potentially confusing because the requirements of IAS 38 were such that it was unlikely that an intangible asset would be recognised. Furthermore, the paragraph was peripheral to the main issue being addressed in the Interpretation, ie whether the entity’s obligations should be recognised and measured by allocating revenue or accruing costs. The Basis for Conclusions will include a brief explanation of this change from D20.

Transitional arrangements

The IFRIC considered suggestions that the Interpretation should permit or require prospective application, because retrospective application could be impracticable for some entities. The IFRIC decided not to include any specific transitional arrangements. In the absence of such arrangements, IAS 8 would be applicable. IAS 8 requires changes in accounting policy to be accounted for retrospectively, but allows restricted retrospective or prospective application to the extent that full retrospective application is not practicable. The IFRIC also decided to clarify in the Interpretation that entities that previously had accrued the costs of supplying awards would normally be changing an accounting policy, rather than an estimate, when they first applied the Interpretation.

Effective date

The IFRIC did not reach a decision on the effective date, but stated that it was likely that the Interpretation would be issued in time for it to be effective for financial years beginning on or after 1 January 2008 at the latest.

IAS 18 *Revenue*— Sales of real estate

The IFRIC continued its project to develop a draft Interpretation that would (a) interpret the definition of the term ‘construction contract’ in IAS 11 *Construction Contracts* and (b) supersede existing guidance on real estate sales in Example 9 of the Appendix to IAS 18.

Definition of construction contract

The IFRIC decided that the Interpretation should address all real estate sales. It should therefore provide general guidance on the circumstances in which agreements for sale that were reached before construction was complete were construction contracts (ie IAS 11 contracts specifically negotiated for construction services as opposed to agreements for the sale of goods in IAS 18). The IFRIC decided that this guidance should take the form of a list of the features that individually or in combination would indicate that the agreements were construction contracts. It discussed a range of potential ‘indicators’ and directed the staff to prepare a revised list for discussion at a future meeting. The IFRIC focused on the customer’s substantive involvement in specifying significant design elements as an important characteristic of IAS 11 contracts; the IFRIC observed that a buyer taking ownership risks for the asset in

its current state and condition was an important indicator that construction services rather than finished goods were being sold.

Amendments to Example 9 of Appendix to IAS 18

The IFRIC noted that the guidance it had developed to date would supersede the first paragraph of guidance in Example 9 of the Appendix to IAS 18. It decided that the draft Interpretation also should carry forward (with some limited amendments) the second paragraph of Example 9, which provides guidance on the consequences of continuing involvement by the seller. However, the IFRIC decided that the draft Interpretation should not carry forward the third paragraph of Example 9, which discusses the need for evidence of the buyer's commitment to complete payment. The IFRIC decided that this paragraph does not follow from or usefully add to the requirement in paragraph 14(d) of IAS 18 for the entity to consider whether 'it is probable that the economic benefits associated with the transaction will flow to the entity'.

Transitional arrangements and effective date

The IFRIC decided that the draft Interpretation should contain no specific transitional arrangements and should propose that the Interpretation should be effective for accounting periods beginning three or more months after its issue.

IAS 21 *The Effects of Changes in Foreign Exchange Rates*— The hedge of a net investment in a foreign operation

The IFRIC discussed its project on the accounting for a hedge of a net investment in a foreign operation in group financial statements in accordance with IAS 21 and IAS 39 *Financial Instruments: Recognition and Measurement*. The main issues raised in this project are the relevance of the functional currency of the entity holding the hedging instrument and which net investment risk is eligible to be hedged.

The IFRIC considered an example analogous to the Implementation Guidance in IAS 39 in the answer to Question F2.14. In the IFRIC's example a foreign currency swap contract is held as a hedge of a net investment by another group entity; the two currencies in the swap are the same as the functional currencies of the investing entity and its net investment. The IFRIC concluded that in such a case the functional currency of the entity holding the hedging instrument has no relevance to the effectiveness of the hedging instrument, which would have the same value at current exchange rates no matter what the functional currency of the entity holding it. In the absence of the hedge, the swap would therefore have the same effect on the group profit and loss account regardless of which group entity held it. By contrast, the functional currency of the entity holding the hedging instrument would be relevant if the exposure created by the instrument was measured by reference to that currency.

On the second main issue, the IFRIC tentatively decided that, in a group containing many entities with different functional

currencies, the net investment risk that is eligible to be hedged is that between the identified net investment and any specified parent, whether its immediate parent, an intermediate parent or the ultimate parent entity. Accordingly, a hedging relationship that has qualified for hedge accounting at a lower level within a group structure will still qualify at the ultimate parent level. However, the entity should not be permitted to hedge the same exposure twice.

The staff were asked to bring to the next meeting proposals for a draft Interpretation reflecting the above decisions.

IAS 38 *Intangible Assets*— Advertising and promotion

The IFRIC continued its discussions about the treatment of advertising and promotional costs in accordance with IAS 38. The staff presented draft wording to amend paragraph 70 of IAS 38 to permit payments made in respect of future training or advertising and promotional activities to be recognised as an expense when those activities first take place rather than as expenditure is incurred.

The staff also presented consequential amendments to SIC-32 *Intangible Assets—Web Site Costs* which would change that Interpretation to require that the costs of advertising to be displayed on a Website should be recognised as an expense when the content is first displayed.

Some IFRIC members expressed concerns that the changes lacked a conceptual basis and would merely modify an arbitrary rule that was already inconsistent with the general principles of IAS 38.

However, the majority of the IFRIC members responded that, between the time that an entity received goods or services and the time at which it first used them, it had an asset in the right to use those goods or services.

The majority of the IFRIC members therefore agreed with the staff's proposed amendments subject to minor drafting changes and asked the staff to present them to the Board with a request that they be addressed as part of the Board's annual improvements process.

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*—Plan to sell the controlling interest in a subsidiary

The IFRIC received a request to provide guidance on applying IFRS 5 when an entity is committed to a plan to sell the controlling interest in a subsidiary. The request considered situations in which the entity retained a non-controlling interest in its former subsidiary, taking the form of either an investment in an associate, an investment in a joint venture or a financial asset.

The IFRIC discussed the classification issue under IFRS 5. Paragraph 6 of IFRS 5 states: 'An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale

transaction rather than through continuing use' [emphasis added]. The IFRIC agreed with the staff analysis that having a plan involving loss of control over a subsidiary should trigger classification as held for sale of all the subsidiary's assets and liabilities. The reason is that a subsidiary meets the definition of a disposal group under IFRS 5 and is consolidated according to IAS 27 until control is lost. Since the subsidiary's assets and liabilities will not be presented individually, the IFRIC indicated that all of the subsidiary's assets and liabilities, and not just the portion expected to be disposed of, should be presented as assets held for sale. The IFRIC did not find paragraph 15 of IAS 28 *Investments in Associates* relevant in the context of this issue.

Some IFRIC members raised the issue of whether and how the entity should catch up the depreciation that had ceased during the held for sale period when applying the equity method once the disposal is completed. The IFRIC asked the staff to analyse this question for the next meeting and provide an update on the FASB's project on a similar issue. The IFRIC also considered a request to provide guidance on measurement of the retained interest. The issue is whether losing control of an acquiree is a remeasurement event. Some members believed that the IFRIC should not prejudice the Board's conclusions in the second phase of the Business Combinations project. The IFRIC decided not to address that issue. The IFRIC also noted that continuing involvement in the form of a retained interest was not expected to affect classification of an asset held for sale as a discontinued operation under IFRS 5. The IFRIC noted this as likely to be an IFRS/US GAAP difference until a common definition of discontinued operations is found.

The IFRIC deferred to a future meeting its decision on the extent to which the above issues should be taken onto its agenda.

IFRIC agenda decisions

The following explanations are published for information only and do not change existing IFRS requirements. IFRIC agenda decisions are not Interpretations. Interpretations of the IFRIC are determined only after extensive deliberation and due process, including a formal vote. IFRIC Interpretations become final only when approved by nine of the fourteen members of the IASB.

IAS 17 Leases—Sale and leasebacks with repurchase agreements

During the course of developing its Interpretation on service concession arrangements, the IFRIC tentatively concluded that a transaction that took the form of a sale and leaseback should not be accounted for as such if it incorporated a repurchase agreement. The reason was that the seller/lessee retained control of the asset by virtue of the repurchase agreement. Hence, the criteria for recognising a sale in paragraph 14 of IAS 18 *Revenue* would not be met.

However, at its meeting in May 2006 the IFRIC noted that this tentative conclusion would apply more widely than to service concession arrangements and that the matter should be the subject of a separate project.

At this meeting, the IFRIC considered whether the conditions for recognition of a sale in paragraph 14 of IAS 18 must be met before a transaction is accounted for as a

sale and leaseback transaction under IAS 17. In particular, the IFRIC considered whether transactions that take the form of a sale and leaseback transaction should be accounted for as such when the seller/lessee retains effective control of the leased asset through a repurchase agreement or option.

The IFRIC noted that IAS 17, rather than IAS 18, provides the more specific guidance with respect to sale and leaseback transactions. Consequently, it is not necessary to apply the requirements of paragraph 14 of IAS 18 to sale and leaseback transactions within the scope of IAS 17.

However, the IFRIC also noted that IAS 17 applies only to transactions that convey a right to use an asset. SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* and IFRIC 4 *Determining whether an Arrangement contains a Lease* provide guidance on when an arrangement conveys a right of use. If, applying the criteria in SIC-27 and IFRIC 4, an entity determines that an arrangement does not convey a right of use, the transaction is outside the scope of IAS 17 and the sale and leaseback accounting in IAS 17 should not be applied.

The IFRIC noted that significantly divergent interpretations do not exist in practice on this issue and that it would not expect such divergent interpretations to emerge. Consequently, the IFRIC decided not to take the issue onto its agenda.

IAS 19 Employee Benefits—Special wage tax

The IFRIC was asked to consider whether taxes related to defined benefits, for example taxes payable on contributions to a defined benefit plan or taxes payable on some other measure of the defined benefit, should be treated as part of the defined benefit obligation in accordance with IAS 19 *Employee Benefits*. The IFRIC noted the following:

- Taxes paid by a defined benefit plan are included in the definition in IAS 19 of the return on plan assets.
- Income taxes paid by the entity are accounted for in accordance with IAS 12.
- The scope of IAS 19 is not restricted to benefits paid to employees. It includes some costs of employee benefits that are not paid to employees.
- A wide variety of taxes on pension costs could exist worldwide, each specific to its own jurisdiction, and it is a matter of judgement whether they are income taxes within the scope of IAS 12, costs of employee benefits within the scope of IAS 19, or other costs within the scope of IAS 37.

Given the variety of tax arrangements, the IFRIC believed that guidance beyond the above observations could not be developed in a reasonable period of time.

The IFRIC therefore decided not to take the issue onto its agenda.

IAS 36 Impairment of Assets—Identifying cash-generating units in the retail industry

The IFRIC was asked to develop an Interpretation on whether a cash-generating unit (CGU) could combine more than one individual store location. The submitter developed possible considerations including shared infrastructures, marketing and pricing policies, and human resources.

The IFRIC noted that IAS 36 paragraph 6 (and supporting guidance in paragraph 68) requires identification of CGUs on the basis of independent cash inflows rather than independent net cash flows and so outflows such as shared infrastructure and marketing costs are not considered.

The IFRIC took the view that developing guidance beyond that already given in IAS 36 on whether cash inflows are largely independent would be more in the nature of application guidance and therefore decided not to take this item on to its agenda.

IAS 39 Financial Instruments: Recognition and Measurement—Written options in retail energy contracts

The IFRIC received a request to interpret what is meant by 'written option' within the context of paragraph 7 of IAS 39.

Under paragraph 7 of IAS 39 a written option to buy or sell a non-financial item that can be net settled (as defined in paragraph 5) cannot be considered to have been entered into for the purpose of meeting the reporting entity's normal purchase, sale and usage requirements. The application of this paragraph is illustrated in the current guidance.

The submission was primarily concerned with the accounting for energy supply contracts to retail customers.

Analysis of such contracts suggests that in many situations these contracts are not capable of net cash settlement as laid out in paragraphs 5 and 6 of IAS 39. If this is the case, such contracts would not be considered to be within the scope of IAS 39.

In the light of the above, the IFRIC expected little divergence in practice and therefore decided not to take the item on to the agenda.

IAS 39 Financial Instruments: Recognition and Measurement—Assessing hedge effectiveness of an interest rate swap in a cash flow hedge

The IFRIC was asked whether, when an entity designates an interest rate swap as a hedging instrument in a cash flow hedge, the entity is allowed to consider only the undiscounted changes in cash flows of the hedging instrument and the hedged item in assessing hedge effectiveness for hedge qualification purposes.

The IFRIC noted that when an interest rate swap is designated as a hedging instrument, a reason for ineffectiveness is the mismatch of the timing of interest payments or receipts of the swap and the hedged item. To take into account the timing of cash flows from interest payments or receipts in assessing hedge effectiveness, entities need also to take into account the time value of money.

IAS 39 states that ineffectiveness arises when the principal terms of the hedged item do not match perfectly with those of the hedging instrument (see paragraph AG108 of IAS 39). The IFRIC observed that a consequence of a comparison between changes in undiscounted cash flows of an interest rate swap and changes in undiscounted cash flows of the hedged item for assessing hedge effectiveness is that only a portion of the movements in fair value of the swap is taken into account. The IFRIC noted that such a method for assessing hedge effectiveness would not meet the requirements in IAS 39. IAS 39 paragraph 74 does not allow

the bifurcation of the fair value of a derivative hedging instrument for hedge designation purposes, unless the derivative hedging instrument is an option or a forward contract. The only exceptions permitted in IAS 39 paragraph 74 are separating the intrinsic value and time value of an option and separating the interest element and the spot price of a forward contract.

In the light of the above requirements in IFRSs, the IFRIC did not expect significant diversity in practice in the application of those requirements. The IFRIC, therefore, decided not to take the issue onto the agenda.

Tentative agenda decisions

The IFRIC reviewed the following matters and tentatively decided that they 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 IFRIC meeting in May 2007. Constituents who disagree with the proposed reasons, or believe that the explanations may contribute to divergent practices, are welcome to communicate those concerns by 23 April 2007, preferably by email to: ifric@iasb.org or by post to:

*International Financial Reporting Interpretations Committee
First Floor, 30 Cannon Street
London EC4M 6XH
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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 3 Business Combinations—Reassessments on a business combination

The IFRIC received a request to provide guidance on whether, and in what circumstances, a business combination triggers a reassessment of the acquiree's classification or designation of assets, liabilities, equity and relationships acquired in a business combination. The types of reassessment issue include, for instance, whether embedded derivatives should be separated from the host contract, the continuation or de-designation of hedge relationships and the classification of leases as operating or finance leases.

At the IASB meeting in February 2007, Board members exchanged views on this issue and the Board decided that the issue should be dealt with within Business Combinations Phase II.

Given that decision, the IFRIC [decided] not to take this item onto its agenda.

IAS 1 Presentation of Financial Statements/ IAS 39 Financial Instruments: Recognition and Measurement—Current or non-current presentation of derivatives classified as 'held for trading' under IAS 39

The IFRIC was asked to provide guidance on whether derivatives that are classified as held for trading in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* should be presented as current or non-current on the face of the balance sheet date. Such derivatives may be settled more than one year after the balance sheet date.

IAS 39 sets out requirements on the recognition and measurement of financial instruments. It does not address how financial instruments should be presented on the face of the balance sheet. Consequently, some believed that the held-for-trading classification under IAS 39 is solely for measurement purposes.

IAS 1 paragraphs 51-62 set out requirements on whether an asset or a liability should be presented as current or non-current on the face of the balance sheet. IAS 1 paragraph 56 states that information about the liquidity and solvency of an entity is useful for users of the financial statements.

In the light of the above requirements, the IFRIC [decided] not to take the issue onto its agenda. However, it noted that some believe that IAS 1 paragraph 62 could be read as implying that financial liabilities that are classified as held for trading in accordance with IAS 39 are required to be presented as current. Therefore, the IFRIC [directed] the staff to recommend the Board to make a minor amendment to IAS 1 paragraph 62 through the Board's annual improvements process to remove that implication.

IAS 16 Property, Plant and Equipment—Sale of assets held for rental

The IFRIC received a request to give guidance on the accounting for sales of assets held for rental. Some entities sell assets after renting them out to third parties. In such circumstances, it appears that this asset is manufactured or acquired with a dual intention, to rent it out and to sell it. The issue is whether the sale of such asset should be presented gross (revenue and costs of sales) or net (gain or loss) in the income statement.

The IFRIC noted that IAS 16 paragraph 68 states that gains arising from derecognition of an item of property, plant and equipment shall not be classified as revenue. Also, when the asset is classified as held for sale under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 5 paragraph 24 refers to the derecognition requirements of paragraphs 67-72 of IAS 16, thereby confirming that gains should not be classified as revenue. However, the IFRIC believed that, in some limited circumstances, reporting gross revenue in the income statement would be consistent with the *Framework* paragraph 72, with IAS 18 *Revenue*, IAS 2 *Inventories*, and IAS 40 *Investment Properties* and with the prohibition on offsets in IAS 1 *Presentation of Financial Statements*.

For this reason, the IFRIC [decided] to draw the issue to the attention of the Board and not to take the item onto its own agenda.

IAS 19 Employee Benefits—Curtailments and negative past service costs

The IFRIC received a submission on whether plan amendments that reduce benefits should be accounted for as curtailments or as negative past service costs. The submission noted that materially divergent practice could result because of the different recognition requirements for curtailments and negative past service cost.

The IFRIC noted that the Basis for Conclusions on IAS 19 indicates that IASB was aware of the ambiguity in distinguishing between negative past service costs and curtailments, but decided that the issue arose too rarely to justify the complexity that a more detailed requirement

would produce. However, since the issue was becoming more prevalent and divergent practices were developing, the IFRIC believed that the issue should be addressed.

The IFRIC observed that there would be limited benefit in taking this issue onto its own agenda because the Board was currently engaged in a post-employment benefits project. The IFRIC therefore [decided] not to take the issue onto its agenda, but to refer it to the Board for consideration.

Preliminary discussion of IFRIC issues

On 7 March 2007, IFRIC members held preliminary discussions about some issues that had been submitted for consideration, but had not yet been presented to a full IFRIC meeting. The meeting was held in public but, as it was not a meeting of the full IFRIC, no decisions were made.

At the meeting, IFRIC members discussed:

- IAS 18 *Revenue*—Customer contributions to property, plant and equipment of a supplier
- IAS 39 *Financial Instruments: Recognition and Measurement*—Hedging future cash flows with purchased options
- IAS 39—Hedging multiple risks with a single derivative hedging instrument
- IAS 39—Scope of IAS 39 paragraph 11A
- IAS 39—Gaming transactions

The staff are undertaking further research into these issues and papers are likely to be presented to the IFRIC at its meeting in May 2007.

From July 2006, IFRIC meetings have been audiocast live via the Internet. Audio recordings are available to listen to via the Website and can be accessed via the IFRIC Projects included within the Current Projects area. Please visit the IASB Website at www.iasb.org for more information.

Future IFRIC meetings

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

2007

- 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 before the meeting. Instructions for submitting requests for Interpretations are given on the IASB Website at <http://www.iasb.org/About+Us/About+IFRIC/Propose+Agenda+Item.htm>