

IFRIC agenda decisions: renewed focus

Reporting Update

27 June 2019, 19RU-009



Highlights

- From Rejection notice to Agenda decision
- Latest developments
- Demystifying agenda decisions

From Rejection notice to Agenda decision

Agenda decisions as issued by the International Financial Reporting Standards Interpretations Committee (Committee) can no longer be regarded as a mere rejection notice¹. In a recent [article](#) by Sue Lloyd, the Committee's Chair, it was made clear that the International Accounting Standards Board (IASB) expects entities to implement accounting policy changes in a timely manner if their policies are inconsistent with an agenda decision.

Any resulting changes would be accounted for as a change in accounting policy in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, i.e. it is to be applied retrospectively.

Latest developments

In her article, Sue Lloyd provided clarity on what the IASB would regard as 'sufficient time' for implementing accounting policy changes that result from an agenda decision. Although she acknowledged that determining what is 'sufficient' will be judgemental based on particular facts and circumstances, the period of time needed for implementing such changes as envisaged by the IASB is 'months rather than years'.

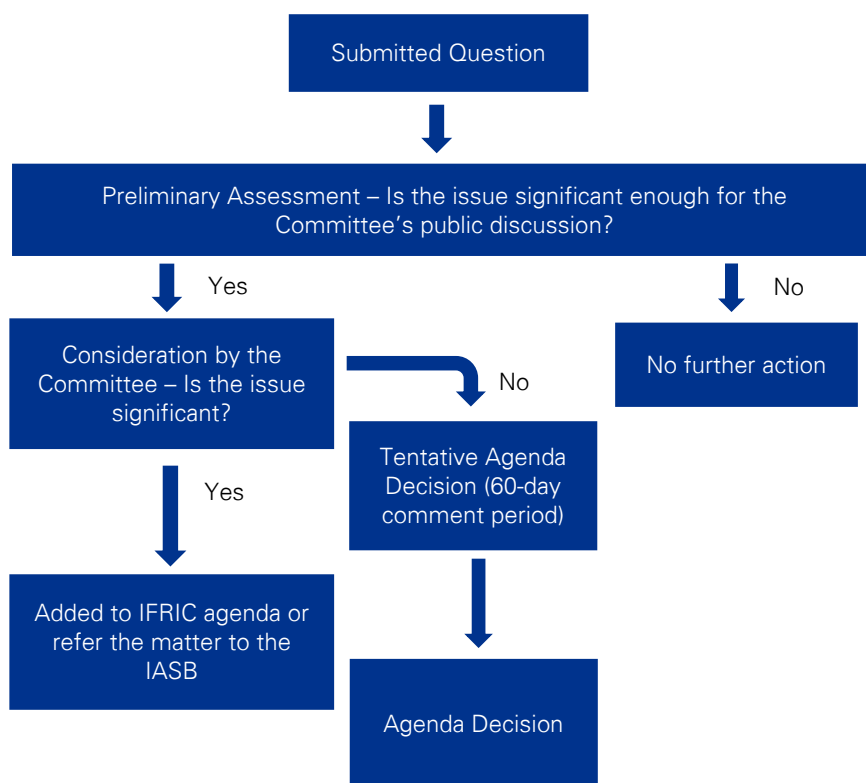
In April 2019, the IFRS Foundation published [proposed amendments](#) to the IFRS Foundation's Due Process Handbook to formally clarify the role, status and timing for implementing the Committee's agenda decisions.

¹ Agenda decisions were previously called 'rejection notice'.

Demystifying agenda decisions

How does the IFRS Interpretations Committee consider and deal with issues?

Given the principle-based nature of IFRS Standards, questions in relation to the application of principles and requirements in IFRS Standards often arise in practice. The flow diagram sets out how a question submitted to the Committee might be dealt with applying IFRS Foundation's standard-setting due process.



Agenda decisions should not merely be seen as a rejection notice

Agenda decisions are a way of making a statement about why a change of an IFRS requirement or an interpretation of that requirement is not necessary. They often include explanatory information that is intended to provide guidance for the consistent application of IFRS Standards. As a result, agenda decisions form part of an IFRS guidance.

“Entities should keep up with the IFRS Interpretations Committee’s developments, taking into consideration the potential impact of published agenda decisions on their business whilst being mindful that tentative agenda decisions provide further opportunities to comment on and influence the Committee’s thinking.”

Patricia Stebbens
Partner, Department of Professional Practice

The Committee releases an [IFRIC Update](#) after each meeting (usually held bi-monthly) summarising its deliberations and decisions. The Appendix lists agenda decisions issued in the past 12 months.

Appendix – Recent IFRS Interpretations Committee Agenda Decisions

June 2019:

[Holdings of cryptocurrencies](#)

[Effect of a potential discount on plan classification \(IAS 19\)](#)

[Costs to fulfil a contract \(IFRS 15\)](#)

[Subsurface rights \(IFRS 16\)](#)

March 2019:

[Customer’s Right to Receive Access to the Supplier’s Software Hosted on the Cloud \(IAS 38 Intangible Assets\)](#)

[Over Time Transfer of Constructed Good \(IAS 23 Borrowing Costs\)](#)

[Liabilities in relation to a Joint Operator’s Interest in a Joint Operation \(IFRS 11 Joint Arrangements\)](#)

[Sale of Output by a Joint Operator \(IFRS 11 Joint Arrangements\)](#)

[Curing of a Credit-impaired Financial Asset \(IFRS 9 Financial Instruments\)](#)

[Credit Enhancement in the Measurement of Expected Credit Losses \(IFRS 9 Financial Instruments\)](#)

[Physical Settlement of Contracts to Buy or Sell a Non-financial Item \(IFRS 9 Financial Instruments\)](#)

[Application of the Highly Probable Requirement when a Specific Derivative is Designated as a Hedging Instrument](#)

January 2019:

[Investments in a subsidiary accounted for at cost: Step acquisition \(IAS 27\)](#)

[Investments in a subsidiary accounted for at cost: Partial disposal \(IAS 27\)](#)

[Assessment of promised goods or services \(IFRS 15\)](#)

[Deposits relating to taxes other than income tax \(IAS 37\)](#)

September 2018:

[Expenditures on a qualifying asset \(IAS 23\)](#)

[Borrowing costs on land \(IAS 23\)](#)

[Determination of the exchange rate when there is a long-term lack of exchangeability \(IAS 21\)](#)

[Classification of a particular type of dual currency bond \(IFRS 9\)](#)

June 2018:

[Classification of short-term loans and credit facilities \(IAS 7\)](#)

19RU-009 IFRIC agenda decisions: renewed focus

The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).