

May 2009

Summary of EFRAG meetings held in May 2009

On Wednesday 27 May 2009 EFRAG held a meeting by public conference call to discuss:

- IFRIC 17 *Distributions of Non-cash Assets to Owners*
- IFRIC 18 *Transfers of Assets from Customers*
- Amendments to IAS 39 and to IFRIC 9 *Embedded Derivatives*
- Amendment to IFRS 7 *Improving Disclosures about Financial Instruments*
- the IASB's Annual Improvement Project

IFRIC 17 *Distribution of Non-cash Assets to Owners*

At its public conference call meeting on 27 May 2009, EFRAG considered the comments it received in response to its draft endorsement advice and draft effects study report on IFRIC 17 *Distribution of Non-cash Assets to Owners*. All those responding supported EFRAG's tentative decision to recommend endorsement of the Interpretation, and none disagreed with EFRAG's initial assessment of the costs and benefits of implementing the Interpretation in the EU. After further discussion, EFRAG decided that it would recommend IFRIC 17 for endorsement. It also approved an Endorsement Advice Letter and Effects Study Report on IFRIC 17 for submission to the European Commission. Both are now available from EFRAG's website.

IFRIC 18 *Transfers of Assets from Customers*

EFRAG also considered the comments it received in response to its draft endorsement advice and draft effects study report on IFRIC 18 *Transfers of Assets from Customers*. All respondents agreed with EFRAG's tentative decision to recommend endorsement of the Interpretation, and none disagreed with EFRAG's initial assessment of the costs and benefits of implementing the Interpretation in the EU. However, one respondent made some additional comments which EFRAG discussed. EFRAG eventually decided to re-affirm its decision to recommend endorsement of the Interpretation and the conclusions it reached as to the cost of implementing the Interpretation relative to the benefits. EFRAG also approved for issue its Endorsement Advice Letter and Effects Study Report on IFRIC 18. Both are now available from EFRAG's website.

Amendments to IAS 39 and to IFRIC 9 *Embedded Derivatives*

During the meeting, EFRAG also finalised its Endorsement Advice Letter and Effects Study Report on the Amendments to IAS 39 and to IFRIC 9 *Embedded Derivatives* in the light of the comments received on its initial assessments.

→

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

→

All respondents agreed with EFRAG that the amendments met the endorsement criteria and should be recommended for endorsement and no respondents disagreed with the tentative conclusions EFRAG reached as to the cost of implementing the Amendments relative to the benefits. EFRAG has now submitted the letter and report to the European Commission and also made them available from EFRAG's website.

Amendment to IFRS 7 *Improving Disclosures about Financial Instruments*

EFRAG considered the comments it received in response to its initial assessments on the Amendment to IFRS 7 *Improving Disclosures about Financial Instruments*. Once again, respondents agreed with those initial assessments and, after further consideration, EFRAG decided to re-affirm the tentative conclusions reached in those assessments. Accordingly, EFRAG decided to recommend the amendment for endorsement. An Endorsement Advice Letter and Effects Study Report on the Amendment were approved for submission to the European Commission, and are now available from EFRAG's website.

The IASB's Annual Improvement Project

Finally, at its conference call EFRAG also had an initial discussion of its assessment of the Annual improvements Standard 2008 against the EU endorsement criteria and of its assessment of the costs and benefits of implementing the standard in the EU. EFRAG's tentative view was that it should recommend the standard for endorsement, although a minority of members had concerns about the following individual amendments:

- IFRS 8 *Operating Segments*. The concern of a minority of members here was that the amendment, by making it no longer a requirement that segment assets and liabilities shall be disclosed in all circumstances, would result in a loss of relevant information.
- IAS 36 *Impairment of Assets*. The concern of a minority of members was that this amendment would result in impairment tests being carried out at too detailed a level, thus resulting in high costs relative to the benefits that would arise.
- IAS 39 *Financial Instruments: Recognition and Measurement*. The concern of a minority of members was that the amendment was narrowing the scope exemption in IAS 39 for business combination contracts too much. In their view the exemption should include (for example) option contracts and contracts to acquire associates.

EFRAG also discussed an initial draft of a possible draft endorsement advice and draft effect study report and agreed some amendments to the text. The Invitation to Comment on the draft advice and the draft effects study will be discussed again at EFRAG's meeting in June.