

Roundtable for the consistent application of IFRS

Summary Meeting Report

18 October 2007

Summary

The Roundtable discussed six new issues and the three which had been raised at the previous meeting. The issue of '**Regulatory Liabilities**' was identified as being of common concern and will now be referred to IFRIC. The other issues were:

- IAS 17 Leases – exercise of renewal/extension options
- Waste of Electrical and Electronic Equipment
- Parent company guarantees over subsidiary pension scheme and other liabilities
- Business combinations involving entities under common control that are accounted for using the pooling of interest method – comparative figures
- Purchase accounting for acquiree's interests in associates
- Employee Benefits – Application of the classification of compulsory industry-wide multi-employer pension schemes in the Netherlands
- Recognition of dilution gain/loss arising from the sale or issuance of shares by an equity-accounted investee
- Accounting treatment of farm in/farm out arrangements in the oil extractive industry

Overview of IASB/IFRIC activities

The IASB representative gave an update on recent developments regarding IFRIC activities. IFRIC recently issued two interpretations, IFRIC 13 *Customer Loyalty Programs* and IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. Currently under debate is an amendment to IFRIC 11 and IFRS 2 and in addition there are two potential draft interpretations under debate regarding IAS 18 and customer contributions and IAS 27 regarding distribution of non-cash assets. Further there is some input from IFRIC to the annual improvements project that has recently been published for consultation.

In answer to the question about the progress made to eliminate the existing carve-out of IAS 39, the IASB replied that it has presented the results of its worldwide survey (5 banks).

FEE asked whether the issue of 'de facto control' will be addressed by IASB. The IASB informed that this is part of the consolidation/control project which will be published for comments in early 2008.

EFRAG asked whether the issue of 'common control' would be taken on the active agenda of the IASB. The IASB explained that this issue is one of four topics and one of

them will be put on the agenda, but there is no decision yet (most likely to be taken in December 2007).

The Commission wondered whether the fact that there are not so many new issues on IFRIC's agenda is only due to the increased resources and accelerated work of IFRIC or also an indicator for the reduced number of questions. The IASB responded that the situation is considered as stabilized in Europe after the main transition, which is according to expectations. Nowadays more and more questions are raised by prospective new adopters.

CESR review on implementation and enforcement

CESR gave a presentation on its structure and enforcement activity. In particular CESR explained the outlines of the enforcement system in the EU and gave some preliminary conclusions of its forthcoming report of the first year of IFRS enforcement. CESR also explained its cooperation with the SEC, especially with a view to avoiding contradictory enforcement conclusions.

The report will be made public within the coming 1-2 weeks¹.

Conclusion

The Chairman concluded that the Commission will continue to follow up the issue of regulatory liabilities and will draft a letter in cooperation with FEE.

Annexes: Issues Papers

¹ The report is now available at the following link: <http://www.cesr.eu/index.php?docid=4830>