



On the Horizon for IFRS

June 7, 2010

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IASB issues April 8, 2010 additional IASB and joint IASB/FASB meeting highlights

Key issues

At the April 8, 2010 additional IASB and joint IASB/FASB meeting the following issues were discussed:

- *Annual Improvements*: The staff was asked to circulate a ballot draft of the forthcoming *Improvements to IFRSs*. Subsequent to the April 2010 meeting, the IASB issued *Improvements to IFRSs* on May 6, 2010.
- *Derecognition*: The staff held an education session for the FASB on the IASB's proposed derecognition model and agreed to address specific concerns of the FASB
- *Fair value measurement*: The IASB tentatively agreed to publish a limited-scope exposure draft of the measurement uncertainty analysis disclosure, and a Request for Views on the FASB's proposed amendments to its fair value measurement guidance

- *Termination benefits – amendments to IAS 19:* The IASB reached a tentative decision that there is no need to re-expose the forthcoming amendments to IAS 19, *Employee Benefits* on termination benefits

All decisions reached at IASB meetings are tentative and may be changed or modified at future meetings. Board decisions become final only after completion of a formal ballot to issue a Standard or Interpretation or to publish an Exposure Draft.

The International Accounting Standards Board has issued an [IASB Update](#), which summarizes the additional IASB and joint IASB/FASB meeting that was held in London on April 8, 2010. The FASB participated via video conference for certain sessions.

Highlights of the meetings are discussed below.

Annual Improvements

The IASB reached a tentative decision approving an amendment to IFRS 1, *First-time Adoption of International Financial Reporting Standards* that clarifies the use of a previous GAAP carrying amount as deemed cost for property, plant and equipment and intangible assets used in operations that are subject to rate regulation. The amendment will be included in the *Annual Improvements 2008-2010* cycle. The IASB formally assessed the improvements proposed for inclusion in the forthcoming *Improvements to IFRSs* against the current published criteria for *Annual Improvements* and concluded that the criteria were met. The staff was asked to circulate a ballot draft.

See the [IASB project summary](#) for more information on this project.

Note: On May 6, 2010, the IASB issued *Improvements to IFRSs*.

Derecognition

The staff held an education session for the FASB on the IASB's proposed derecognition model. The approach requires derecognition of a financial asset when it no longer qualifies as an asset of the entity, which is when the benefits of the financial asset no longer exist or the item does not embody future economic benefits. The FASB was interested in better understanding certain aspects of the model. The staff agreed to prepare a paper for discussion at the April 2010 joint meeting to cover pass through arrangements, sale with option contracts, non-recourse loans and special purpose entities (SPEs) that issue beneficial interests in the SPE or its assets.

See the IASB project summary for more information on this project.

Fair value measurement

Considerations for re-exposure

The IASB issued an exposure draft on *Fair Value Measurement* in May 2009. The FASB has participated in redeliberations with the goal of issuing a converged standard. The FASB plans to expose changes to ASC Topic 820, *Fair Value Measurements and Disclosures*. The IASB discussed whether there is a need to re-expose a draft of an IFRS on fair value measurement.

The IASB tentatively agreed to expose only the measurement uncertainty analysis disclosure, including the effect of correlation (interdependency) between inputs, which had not been included in the IASB's original exposure draft. The comment period for the exposure draft will coincide with the FASB's comment period for proposed amendments to ASC Topic 820.

The IASB also tentatively agreed to publish on the IASB website a Request for Views to solicit feedback on the FASB's proposed amendments to Topic 820. The IASB and FASB will consider jointly the feedback received on the IASB's limited scope exposure draft, the IASB's Request for Views and the proposed amendments to Topic 820.

See the [IASB project summary](#) for more information on this project.

Termination benefits – amendments to IAS 19

The IASB reached a tentative decision that there is no need to re-expose the forthcoming amendments to IAS 19, *Employee Benefits* on termination benefits.

The IASB plans to issue the final amendments in the second quarter of 2010.

See the [IASB project summary](#) for more information on this project.

IASB issues April 19-23, 2010 IASB and joint IASB/FASB meeting highlights

Key issues

At the April 19-23, 2010 IASB and joint IASB/FASB meeting the following issues were discussed:

- *Consolidation*: The Boards reached a tentative decision on the definition of an investment company
- *Derecognition*: The Boards discussed the IASB's proposed derecognition model but no decisions were made
- *Financial instruments – classification and measurement*: The IASB tentatively decided to propose disclosure of the amount of accumulated other

comprehensive income attributable to changes in own credit risk that was realized during the current period and to proceed with an exposure draft on the proposed changes to the fair value option for financial liabilities

- *Financial instruments – hedge accounting*: The IASB identified the major hedge accounting issues it expects to address in future deliberations
- *Financial statement presentation*: The IASB and FASB reached tentative decisions on issues that had been raised during their review of the pre-ballot draft of the financial statement presentation proposals
- *Insurance contracts*: The Boards discussed the following topics and reached tentative decisions in some areas:
 - Margins
 - Discounting
 - Contract boundary
 - Recognition
- *Leases*: The Boards reached the following tentative decisions, among others:
 - A sale and leaseback transaction would be accounted for as sale of the underlying asset with a leaseback of the same asset if the underlying asset has been sold
 - The lessor's performance obligation would be amortized in a systematic and rational manner that would be based on the pattern of use of the underlying asset by the lessee
 - The lessor would first evaluate the lease receivable for impairment. If the lease receivable is impaired, any impairment would result in an adjustment to the lease receivable and the performance obligation. Lessors would then evaluate the leased asset for impairment.

- Purchase options would be accounted for by lessors in the same manner as for options to renew or terminate the lease
- A set of disclosure requirements for lessors that would be based on a disclosure principle

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The International Accounting Standards Board has issued an [IASB Update](#), which summarizes the IASB and joint IASB/FASB meeting that was held in London on April 19-23, 2010. The FASB participated via video conference for certain sessions.

Highlights of the meetings are discussed below.

Consolidation

At a previous meeting, the Boards tentatively decided that an investment company would measure its investments in entities that it controls at fair value through profit or loss. At their recent meeting, the Boards tentatively decided to define an “investment company” as an entity meeting the following criteria:

- Its express business purpose is, and substantially all of its activities relate to, investing for current income, capital appreciation, or both
- The entity and its affiliates do not obtain benefits from the investee that are not available to other investors or unrelated parties of the investee
- It has identified potential exit strategies for its investments, including the timing of its expected exit
- Ownership interests are represented by units of investments

- It pools owners’ funds to provide the owners with professional investment management
- It manages its investments and evaluates performance based on fair value
- It is a reporting entity
- Its investees are protected in a manner that precludes a lender to one investee from having direct recourse to any other investees

The staff was asked to clarify some of the criteria listed above and to make clear that significant third party investment would be required for an entity to be an investment company.

The Boards also tentatively decided that a parent company’s consolidated financial statements would retain the fair value measurement basis for controlled investees of an investment company subsidiary.

Transition

The Boards tentatively decided that if an entity that did not previously qualify as an investment company meets the definition under the proposed guidance it would remeasure its investments in entities that it controls at fair value with an adjustment to retained earnings on initial adoption of the proposed guidance.

The FASB tentatively decided that an entity no longer qualifying as an investment company under the proposed guidance would discontinue application of the investment company guidance in FASB Codification Topic 946, *Financial Services - Investment Companies*, prospectively from the date of the initial application of the proposed guidance. If an investee is required to be consolidated because an entity no longer qualifies as an investment company, the entity would apply the same transition guidance as for all other entities

that will be required to be consolidated as a result of the revised consolidation requirements.

The Boards will discuss disclosures for the consolidation project at a future meeting.

See the [IASB project summary](#) for more information on this project.

Derecognition

The IASB and FASB discussed the proposed derecognition model, in particular the aspects of the model where the FASB was having difficulty. No decisions were made. The Boards will continue deliberating the derecognition model at a future joint Board meeting.

See the [IASB project summary](#) for more information on this project.

Financial instruments: classification and measurement

At previous meetings, the IASB tentatively decided to retain the existing classification and measurement requirements in IAS 39, *Financial Instruments: Recognition and Measurement* for financial liabilities. However, the IASB also tentatively decided to propose changes to the fair value option (FVO) in order to address widespread concerns about recognizing gains or losses arising from changes in the fair value of liabilities' due to changes in credit risk. Those changes include reflecting changes in the fair value of liabilities due to changes in credit risk in other comprehensive income (OCI) through the use of a “two step approach.” The first step is to present the entire fair value change in profit or loss. In the second step, the portion of the fair value change that is attributable to changes in the liability's credit risk is “backed out” of profit or loss to OCI. Recycling of those amounts in earnings would be prohibited.

At this meeting, the IASB discussed disclosures about liabilities accounted for using the FVO and the logistics for the exposure draft on financial liabilities.

Disclosures

The IASB tentatively decided to propose a disclosure showing how much of the accumulated OCI balance attributable to changes in own credit risk was recognized during the current reporting period.

Exposure draft logistics

The IASB directed the staff to begin drafting the exposure draft containing the proposed changes to the FVO. The exposure draft will also ask for feedback on the IASB's tentative decision that an entity that decides to adopt early any finalized requirements in the IAS 39 replacement project must also adopt early any preceding finalized guidance. The exposure draft will have a comment period of 60 days. The IASB published the exposure draft in May 2010.

See the [IASB project summary](#) for more information on this project.

Financial instruments: hedge accounting

The IASB identified the major issues that it expects to consider, and how the issues fit into the context of the overall hedge accounting model being developed. The issues are:

- Overall approach
- Hedged items – eligibility
- Hedging instruments – eligibility
- Effectiveness – qualification
- Effectiveness – measurement

- De-designation or discontinuation
- Presentation and disclosures
- Fair value hedge accounting mechanics
- Interrelationships with other project phases

No decisions were made.

See the [IASB project summary](#) for more information on this project.

Financial statement presentation

The IASB and FASB discussed issues that had been raised during their review of the pre-ballot draft of the financial statement presentation exposure draft:

- Unusual or infrequently occurring items
- Guidance on classifying short-term assets and liabilities
- Classification of debt
- Mixed presentation in the statement of financial position
- Supplemental cash flow information
- Other disclosures from IAS 7, *Statement of Cash Flows*
- Should sections and categories be in the same order on all statements?

Unusual or infrequently occurring items

U.S. GAAP requires that unusual or infrequently occurring items should be presented in the statement of comprehensive income and related information should be disclosed in the notes to financial statements. However, IFRS does not have a similar requirement. The Boards reached a tentative decision to include the U.S. GAAP requirements in the forthcoming exposure draft.

Guidance on classifying short-term assets and liabilities

Both U.S. GAAP and IAS 1, *Presentation of Financial Statements* include application guidance on the classification of assets and liabilities as current (short term) or noncurrent (long term) in the statement of financial position. The Boards reached a tentative decision to exclude such application guidance in the exposure draft since the exposure draft's proposed requirement for classification of assets and liabilities as short term or long term would be sufficient.

Classification of debt

U.S. GAAP and IAS 1 include different guidance for the classification of financial liabilities. The Boards agreed to consider addressing those differences in a separate project. Accordingly, the IASB's financial statement presentation exposure draft will retain the IAS 1 guidance on classification of financial liabilities and the FASB's financial statement presentation exposure draft will retain the classification guidance in FASB ASC Topic 470, *Debt*.

The Boards noted that any change to their existing guidance on classification of financial liabilities resulting from a separate project would be incorporated into the final standard on financial statement presentation.

Mixed presentation in the statement of financial position

Paragraph 65 of IAS 1 includes guidance on how an entity can use a mixed basis of presentation in the statement of financial position. This mixed basis permits some assets and liabilities to be classified using a short-term/long-term distinction, and for other assets and liabilities to be classified in order of liquidity. The Boards reached a tentative decision to retain that guidance in the financial statement presentation exposure draft with additional clarification.

Supplemental cash flow information

The Boards reached a tentative decision that both the reconciliation of operating income and cash flows, and the presentation of non-cash transaction information would be presented in the statement of cash flows and not in the notes.

Other disclosures from IAS 7, Statement of Cash Flows

Paragraph 50 of IAS 7 encourages disclosure of the following information:

- The amount of undrawn borrowing facilities that may be available for future business activities and to settle capital commitments
- The amount of cash flows that represent increases in operating capacity and the amount of cash flows that are required to maintain operating capacity
- The amount of cash flows arising from activities of each reportable segment

The Boards reached a tentative decision that the financial statement presentation exposure draft would include (a) as a required disclosure but would not include (b) or (c). The FASB exposure draft would also require disclosure of operating cash flows by reportable segment.

Should sections and categories be in the same order on all statements?

The Boards reached a tentative decision that the exposure draft would:

- Not prescribe the order in which an entity presents its sections and categories in the financial statements
- Clarify that an entity should try to align the sections and categories across the financial statements, while choosing an order that produces the most understandable depiction of its activities and allowing for presentation of meaningful subtotals and totals

See the [IASB project summary](#) for more information on this project.

Insurance contracts

The IASB and the FASB deliberated the following topics at their joint meeting:

- Margins
- Discounting
- Contract boundary
- Recognition

Margins

The Boards reached tentative decisions pertaining to two approaches they are considering for computing margins on insurance contracts. The first approach involves computing a risk adjustment and then a residual margin on a contract. The second approach involves computing a single composite margin. The Boards plan to select one of these approaches at their May 2010 meeting.

Risk adjustment and residual margin

The Boards tentatively decided that the residual margin would be part of the insurance liability and not a separate liability outside the insurance liability. The Boards also tentatively decided that the residual margin would be disclosed separately.

With respect to interest accretion on the residual margin, the IASB tentatively decided that interest would be accreted, but the FASB tentatively decided that interest would not be accreted.

Composite margin

The IASB and FASB tentatively agreed that the insurer would recognize any day-one excess of the expected present value of the outflows over the expected present value of the premiums on initial measurement of an insurance contract immediately in profit or loss.

The Boards tentatively decided that the composite margin would be:

- Released over both the coverage period and the claims handling period
- Displayed with the insurance liability rather than as a separate liability outside the insurance liability
- Disclosed separately

With respect to interest accretion on the composite margin, the IASB tentatively decided that interest would be accreted, but the FASB tentatively decided that no interest would be accreted.

Discount rate

The Boards tentatively decided that the discount rate for insurance contracts that depend on the performance of specific assets would consider the dependency on those assets. If the cash flows for an insurance contract do not depend on the performance of specific assets, an entity would use a risk-free rate adjusted for illiquidity.

Contract boundary

The IASB discussed what conditions determine the boundary of an insurance contract and tentatively decided that the boundary of an insurance contract is the point at which the insurer either:

- Has no further obligation to provide coverage; or
- Has the right to reassess the risk of the particular policyholder and, as a result, can set a price that fully reflects that risk

Recognition

The Board agreed in principle that the insurer would recognize the rights and obligations arising from an insurance contract on the earlier of:

- The insurer being obligated to provide coverage to the policyholder for insured events
- The signing of the insurance contract

See the [IASB project summary](#) for more information on this project.

Leases

IASB and FASB

The IASB and the FASB deliberated the following topics at their joint meeting:

- Accounting for sale and leaseback transactions
- Lessor accounting for performance obligations
- Accounting for subleases
- Lessor accounting for impairment of assets
- Accounting for long-term leases of land
- Lessor accounting for purchase options
- Lessee presentation of total cash rentals paid
- Lessor disclosure requirements

Accounting for sale and leaseback transactions

The Boards discussed whether a sale and leaseback transaction should be accounted for as a sale of the underlying asset with a leaseback of the same asset or a financing transaction. The IASB and FASB tentatively decided that a sale and leaseback transaction would be accounted for as sale of the

underlying asset with a leaseback of the same asset if a sale of the underlying asset has occurred.

The Boards considered two approaches for determining whether a sale of the underlying asset has occurred. Under the first approach, the seller/lessee would apply the control criteria developed in the revenue recognition project. Under the second approach, a sale of the underlying asset would occur if control of the underlying asset has been transferred and all but a trivial amount of the risks and benefits associated with the underlying asset have been transferred to the buyer/lessor. The Boards tentatively decided on the second approach.

The Boards also discussed whether gains or losses on a sale and leaseback transaction should be deferred. In practice, entities that enter into such transactions sometimes negotiate lease payments that are below market rates in exchange for lower proceeds on the sale. Likewise, entities might accept higher future lease payments in exchange for higher sales proceeds. The IASB and the FASB tentatively decided that gains or losses arising from the transaction would not be deferred if the sale and leaseback transaction results in a sale of the underlying asset and both the sale and the leaseback are at fair value. If either the sale or the leaseback is not established at fair value, an entity would adjust the assets, liabilities, gains, and losses that have been recognized to reflect current market rates.

Lessor accounting for the performance obligation

Under the proposed new lease model, the lessor would record a lease receivable and a related performance obligation upon delivery of the leased asset. In subsequent periods, the measurement of the lessor's performance obligation would reflect decreases in the obligation to permit the lessee to use the leased asset over time. At this meeting, the Boards discussed how the performance obligation would be satisfied and how revenue would be recognized.

The IASB and FASB tentatively decided that the performance obligation would be amortized, and revenue would be recognized, in a systematic and rational manner based on the pattern of use of the underlying asset by the lessee. The pattern of use might be based, for example, on the passage of time or on the number of hours the asset is used.

The Boards also discussed whether revenue should be recognized at lease commencement, but did not reach a tentative decision. The staff was instructed to provide additional analysis on when and how revenue should be recognized upon lease commencement.

Accounting for subleases

The IASB and FASB discussed the accounting for subleases and tentatively agreed that there would not be different recognition and measurement guidance for assets and liabilities arising under subleases. Therefore, an intermediate lessor

- Would account for its assets and liabilities arising from the head lease in accordance with the lessee model developed by the Boards
- Would account for its assets and liabilities arising from the sublease in accordance with the lessor model developed by the Boards

The Boards also tentatively decided that an intermediate lessor would present all assets and liabilities arising from subleases, other than the obligation to pay rentals to the head lessor, gross with a net subtotal in the statement of financial position. The obligation to pay rentals to the head lessor would be presented separately. In addition, an intermediate lessor would be required to disclose the nature and amount of significant subleases in its financial statements

Lessor accounting for impairment of assets

The Boards discussed how to address impairment by lessors under the performance obligation model for lessor accounting. Under this model, a lessor would recognize its leased asset, an asset representing its right to receive rental payments (a lease receivable), and a liability representing its performance obligation under the lease (its obligation to permit the lessee to use its leased asset).

The IASB and FASB tentatively decided that the lessor would first evaluate the lease receivable for impairment. If the lease receivable is impaired, any impairment would result in an adjustment to the lease receivable and the performance obligation. Any difference would be recognized in profit or loss. Lessors would then have to evaluate their leased asset for impairment. The staff was asked to consider how the underlying asset would be assessed for impairment under IAS 36, *Impairment of Assets*, and FASB Codification Topic 360, *Property, Plant, and Equipment*.

Accounting for long-term leases of land

At the February 2010 joint meetings, the Boards tentatively decided that long-term leases of land would not be considered purchases or sales of the underlying asset. However, the staff was asked to try to develop criteria that could possibly exclude long-term leases of land from the scope of the proposed new leases requirements. At this meeting, the Boards discussed whether long-term leases of land should be excluded from the scope of the proposed new leases requirements for lessees and lessors and tentatively decided that these leases would not be excluded.

Lessor accounting for purchase options

The Boards discussed the accounting for purchase options by the lessor and tentatively decided that the accounting by the lessor for purchase options would be symmetrical with the lessee's accounting and the same as the accounting for

options to renew or terminate the lease. As a result of the Boards' tentative decision, a lessor

- Would not recognize purchase options as separate assets and liabilities
- Would measure its receivable and performance obligation on the basis of the lease payments that would be received. Therefore, the lessor would decide whether it is more likely than not that an option to purchase will be exercised. If it is, the lease receivable would include the exercise price of the purchase option.
- Would reassess the exercise of the purchase option at each reporting date. However, a detailed examination of every lease would not be required unless there is a change in facts or circumstances that would indicate that the purchase option would be exercised.
- Would recognize any change to the lease receivable resulting from a reassessment of the exercise of a purchase option as an adjustment to the performance obligation
- Would recognize the performance obligation relating to rental payments in income over the lease term in a manner that reflects the consumption pattern of the underlying asset that the lessor is providing to the lessee. However, the performance obligation relating to the purchase option would not be recognized in income until the purchase option is exercised.

Lessee presentation of total cash rentals paid

At the March 2010 joint meeting, the Boards tentatively decided that cash repayments of amounts borrowed and interest payments arising in lease contracts would be classified separately as financing activities in the statement of cash flows. At that meeting, the staff was instructed to consider how total cash rentals paid in the period would be presented or disclosed in the

financial statements. At this meeting, the IASB and FASB tentatively decided that no additional disclosures of the total cash rentals paid would be required on the face of the financial statements. Instead, that information would be disclosed in the notes to the financial statements for each period presented, as part of the reconciliation between the opening and closing balances of the lessee's obligation to pay rentals.

Lessor disclosure requirements

The Boards tentatively agreed on a set of disclosure requirements for lessors that would be included in the exposure draft on leases. The disclosure principle would be that lessors would disclose quantitative and qualitative financial information that

- Identifies and explains the amounts recognized in its financial statements arising from lease contracts
- Enables users to evaluate the nature and extent of the amount, timing, and uncertainty of cash flows arising from lease contracts

Some of the disclosures lessors would be required to provide include the following:

- The nature of significant lease arrangements, including a description of the arrangement, the existence and terms of options, effect of contingent rentals, and indirect costs incurred
- Any restrictions placed on leased assets and the terms of any residual value guarantees
- A maturity analysis for lease receivables
- A maturity analysis surrounding the satisfaction of performance obligations

- A reconciliation between the opening and closing balances for the lease receivable and the performance obligation
- Information relating to risks surrounding a lease receivable
- If leases are accounted for using the simplified model, disclose the fact that such model is used for short-term leases and the gross amount recognized in the statement of financial position

Details of the specific disclosures that lessors would be required to provide are included in the [IASB Update](#).

IASB only

The IASB also discussed the following topics:

- First-time adoption under the proposed new leases requirements
- Consequential amendments
- Revaluation of the right-of-use assets

First-time adoption under the proposed new leases requirements

The IASB tentatively decided that first-time adopters of IFRS would apply the same proposed transitional requirements that apply to other lessees and lessors. Therefore, lease assets and liabilities would be recognized and measured at the present value of the lease payments for all leases. However, the relief for simple finance leases that applies to other lessees and lessors would not apply to a first-time adopter. Therefore, simple finance leases would be accounted for in the same manner as all other leases on first-time adoption.

Consequential amendments

The IASB discussed consequential amendments to IFRS 3, *Business Combinations*, and IAS 40, *Investment Property*.

IFRS 3, Business Combinations

Under IFRS 3 an acquirer would not normally recognize assets or liabilities related to an operating lease in which the acquiree is the lessee unless the terms of the lease are favorable or unfavorable relative to market terms. However, under the proposed new lease requirements leases will no longer be classified as operating or financing. A lessee would recognize a right-of-use asset and an obligation to pay rentals. Therefore, under IFRS 3 the acquirer would measure the acquisition-date fair value of that asset and liability. At this meeting, the IASB discussed whether the fair value approach in IFRS 3 should be amended to reflect the proposed new lease requirements.

The IASB tentatively decided that the acquirer would measure acquired lease assets and liabilities at the acquisition date in accordance with the proposed lease requirements. Therefore, leases would be an additional exception to measurement at fair value at the acquisition date.

IAS 40, Investment Property

The IASB discussed whether any consequential amendments to IAS 40 would be necessary as a result of the proposed new lease requirements. The IASB tentatively decided that:

- If an entity elects to use the fair value model, a right-of-use asset that is classified as an investment property would be subsequently measured at fair value in accordance with IAS 40. Therefore, the new lessee accounting requirements on subsequent measurement would not be required.
- If an entity elects to use the cost model, the proposed new lessee accounting requirements for right-of-use assets would be required.

Therefore, investment property would not be measured at depreciated cost using the cost models in IAS 16, *Property, Plant and Equipment*.

- If the right-of-use asset is measured at fair value, adjustments to the obligation to pay rentals arising from changes in the lease term or from changes to estimated contingent rentals would be recognized in profit or loss

Revaluation of the right-of-use assets

In the October 2009 joint meeting, the Boards tentatively decided that a lease contract has created a new right (the right-of-use) which is an intangible asset. In light of that tentative decision, the IASB tentatively decided that an entity would be permitted to revalue its right-of-use asset using the revaluation model in IAS 38, *Intangible Assets*. Then in the March 2010 joint meeting, the Boards tentatively decided that a lessee would present the right-of-use asset with property, plant, and equipment. As a result of that tentative decision, some Board members questioned whether the right-of-use asset should be revalued using the IAS 38 model.

At this meeting, the IASB tentatively decided that:

- A lessee would be permitted to revalue its right-of-use assets even if an active market does not exist. IAS 38 requires that there be an active market in order to revalue an intangible asset.
- If the lessee chooses to revalue its owned assets in a class of property, plant, and equipment, a lessee would be permitted to revalue its right-of-use assets
- If the lessee chooses to revalue its leased assets, the lessee would be required to revalue the entire class of property, plant, and equipment, which would include all owned and leased assets, to which that leased asset belongs

The Boards plan to continue to discuss lessee and lessor accounting at their May 2010 meeting.

See the [IASB project summary](#) for more information on this project.

Future IASB meetings

The IASB held subsequent meetings (some of them jointly with the FASB) on May 4, 2010, May 17-21, 2010, and June 1, 2010. The next IASB meetings will be held on June 10, 2010 and June 14-18, 2010.

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