



Agenda Decisions

Updated as at 18 September 2024

IFRIC met in September 2024 to discuss two issues and two new tentative agenda decisions were issued. [click on list below to navigate]

Tentative agenda decisions [Table 1]

- Guarantee issued on obligations of other entities
- Recognition of revenue from tuition fees
- Classification of cash flows related to variation margin calls on 'collateralized-to-market' contracts



For agenda decision finalised before 1 August 2024, refer to KPMG's 21st editions of Insights into IFRS.

Issued/finalised in recent meeting

[IFRIC Update June 2024](#)

[IFRIC Podcast July 2024](#)

Likely frequency across entities

- High
- Medium
- Low

IFRS[®] Interpretations Committee (IFRIC) is an interpretative body of the IASB[®] Board (Board) which works with the Board in supporting the application of IFRS[®] Accounting Standards.

Agenda decisions are a way of making a statement about why a change of an IFRS Standard requirement or an IFRIC[®] 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 guidance in IFRS Accounting Standards.

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. AASB 108 requires specific disclosures to be made when the adoption of a new or revised standard results in a change in existing policy or new policy that is significant. AASB 108 also requires disclosure of the possible impact of relevant standards on issue but not yet adopted.



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Table 1: Tentative agenda decisions



IFRIC discussed the following matters and tentatively decided not to add them to its standard-setting agenda. The issues will be reconsidered, including the reasons for not adding the matters to its standard-setting agenda, at a future meeting. IFRIC invites [comments](#) from all interested parties on its tentative agenda decisions.

Subject	IFRIC meeting	Key issues and impacts	Likely impact
<p>Guarantees issued on obligations of other entities</p> <p>IFRS 9, IFRS 15, IFRS 17 & IAS 37</p>	<p>September 2024</p> <p>Comments due 18 November 2024</p>	<p><i>How an entity accounts for guarantees that it issues? Specifically, whether the guarantees issued are financial guarantee contracts to be accounted for in accordance with IFRS 9 Financial Instruments and, if not, which other IFRS Accounting Standards apply to these guarantees?</i></p> <p>There are three fact patterns in the context of an entity’s separate financial statements described in the submission. In the fact patterns presented, an entity:</p> <ul style="list-style-type: none"> • issues several types of contractual guarantees on obligations of a joint venture (JV) ; and • guarantees to make payments to a bank, a customer, or another third party in the event the JV fails to meet its contractual obligations under its service contracts or partnership agreements and fails to make payment when due. <p><i>Which IFRS Accounting Standards apply to guarantees?</i> <i>Analysing the terms and conditions of the guarantee</i></p> <p>Guarantees can arise or be issued in many ways and conveys various rights and obligations to the affected parties. IFRS Accounting Standards do not define ‘guarantees’, and there is no single Accounting Standard that applies to all guarantees.</p> <p>An entity accounts for a guarantee it issues based on the requirements in IFRS Accounting Standards and not based on the nature of the entity’s business activities. An entity applies judgement in determining which IFRS Accounting Standards applies to a guarantee that it issues. In making that judgement, an entity is required to analyse all terms and conditions – whether explicit or implicit – of the guarantee unless those terms and conditions have no substance.</p> <p style="text-align: right;"><i>continued over..</i></p>	<p>Assets</p> <p>—* Liabilities</p> <p>—* Revenue/income</p> <p>Expenses</p> <p><small>*will impact, direction dependent on facts</small></p> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> ▪ Nil <p>IASB guidance</p> <ul style="list-style-type: none"> ▪ Tentative agenda decision ▪ Background agenda paper ▪ Meeting recording

Table 1: Tentative agenda decisions (continued)



Subject	IFRS IC meeting	Key issues and impacts	Likely impact
<p>Guarantees issued on obligations of other entities</p> <p>IFRS 9, IFRS 15, IFRS 17 & IAS 37</p>	<p>September 2024</p> <p>Comments due 18 November 2024</p>	<p>Is the guarantee a financial guarantee contract (FGC)?</p> <p>Based on the scoping requirements, an entity first considers whether a guarantee that it issues is a FGC. A FGC is defined in IFRS 9 as ‘a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument’.</p> <p>The following sets out the scoping requirement under IFRS 9 if the entity concludes the guarantee it issues is a FGC.</p> <pre> graph TD Q1{Is guarantee a FGC?} -- Yes --> Q2{Previously regarded such FGCs as insurance contracts and applied IFRS 17?} Q1 -- No --> Q3{Is guarantee an insurance contract?} Q3 -- No --> A1(Consider other standards) Q3 -- Yes --> A2(Apply IFRS 9 or IFRS 17 (irrevocable election per contract)) Q2 -- Yes --> A2 Q2 -- No --> A3(Apply IFRS 9) </pre> <p style="text-align: right;"><i>continued over..</i></p>	<p>Assets</p> <p>* Liabilities</p> <p>* Revenue/income</p> <p>Expenses</p> <p><small>*will impact, direction dependent on facts</small></p> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> Nil <p>IASB guidance</p> <ul style="list-style-type: none"> Tentative agenda decision Background agenda paper Meeting recording

Table 1: Tentative agenda decisions (continued)



Subject	IFRS IC meeting	Key issues and impacts	Likely impact
<p>Guarantees issued on obligations of other entities</p> <p>IFRS 9, IFRS 15, IFRS 17 & IAS 37</p>	<p>September 2024</p> <p>Comments due 18 November 2024</p>	<p><i>Is the guarantee an insurance contract?</i></p> <p>If an entity concludes that the guarantee it issues is not a FGC, the entity considers whether the guarantee is an insurance contract. IFRS 17 applies to all insurance contracts, regardless of the type of entity issuing them.</p> <p>The following sets out the scoping requirements under IFRS 17 if it concludes the guarantee it issues is an insurance contract.</p> <pre> graph TD A{Is guarantee a FGC?} -- No --> B{Is guarantee an insurance contract?} A -- Yes --> B B -- No --> C(Consider other standards) B -- Yes --> D{Contract primary purpose is provision of services for fixed fee?} D -- Yes --> E(Apply IFRS 17 Insurance Contracts or IFRS 15 Revenue from Contracts with Customers (irrevocable election per contract)) D -- No --> F{Contract limits compensation for insured events to amount otherwise required to settle policyholder's obligation created by the contract} F -- Yes --> G(Apply IFRS 17 or IFRS 9 (irrevocable election per portfolio)) F -- No --> H(Apply IFRS 17) </pre> <p style="text-align: right; color: red;"><i>continued over..</i></p>	<p>Assets</p> <p>* Liabilities</p> <p>* Revenue/income</p> <p>Expenses</p> <p><small>*will impact, direction dependent on facts</small></p> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> Nil <p>IASB guidance</p> <ul style="list-style-type: none"> Tentative agenda decision Background agenda paper Meeting recording

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Subject	IFRS IC meeting	Key issues and impacts	Likely impact
<p>Guarantees issued on obligations of other entities</p> <p>IFRS 9, IFRS 15, IFRS 17 & IAS 37</p>	<p>September 2024</p> <p>Comments due 18 November 2024</p>	<p>Other requirements in IFRS Accounting Standards that might apply</p> <p>If an entity concludes that a guarantee it issues is neither a FGC nor an insurance contract, the entity should consider other requirements in IFRS Accounting Standards to determine how to account for the guarantee.</p> <p>The following sets out the scoping requirements in other applicable IFRS Accounting Standards.</p> <div data-bbox="861 568 1574 1110" data-label="Diagram"> <pre> graph TD A{Is guarantee a FGC?} -- No --> B{Is guarantee an insurance contract?} B -- No --> C(Consider other standards) C --> D(IFRS 9 – e.g. loan commitments, derivatives or other financial liabilities) C --> E(IFRS 15) C --> F(IAS 37 Provisions, Contingent Liabilities and Contingent Assets if not in scope of other IFRS Accounting Standards) </pre> </div> <p style="text-align: right; color: red;"><i>continued over..</i></p>	<p>Assets</p> <p>Liabilities</p> <p>Revenue/income</p> <p>Expenses</p> <p><small>*will impact, direction dependent on facts</small></p> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> ▪ Nil <p>IASB guidance</p> <ul style="list-style-type: none"> ▪ Tentative agenda decision ▪ Background agenda paper ▪ Meeting recording

Table 1: Tentative agenda decisions (continued)



Subject	IFRS IC meeting	Key issues and impacts	Likely impact
<p>Guarantees issued on obligations of other entities</p> <p>IFRS 9, IFRS 15, IFRS 17 & IAS 37</p>	<p>September 2024</p> <p>Comments due 18 November 2024</p>	<p>IFRIC observed that an entity accounts for a guarantee that it issues based on the requirements, including the scoping requirements, in IFRS Accounting Standards and not based on the nature of the entity’s business activities. An entity applies judgement in determining which IFRS Accounting Standard applies to a guarantee that it issues and in considering the specific facts and circumstances and the terms and conditions of the guarantee contract.</p> <p>IFRIC noted that the term ‘debt instrument’ in the definition of a FGC in IFRS 9 is not defined in IFRS Accounting Standards and IASB, at its April 2024 meeting, discussed diversity in practice in the interpretation of the meaning of the term ‘debt instrument’ and decided to consider during its next agenda consultation the broader application questions related to FGC, including the meaning of a debt instrument in the definition of a FGC.</p> <p>IFRIC therefore concluded that an entity applies judgement in interpreting the meaning of the term ‘debt instrument’ when determining whether a guarantee is accounted for a FGC.</p> <p>With regard to the scoping requirements in the IFRS Accounting Standards, IFRIC tentatively concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine how to account for a guarantee that it issues. Consequently, IFRIC tentatively decided not to add a standard-setting project to the work plan.</p> <p style="text-align: right;"><i>continued over..</i></p>	<p>Assets</p> <p>* Liabilities</p> <p>* Revenue/income</p> <p>Expenses</p> <p><i>*will impact, direction dependent on facts</i></p> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> ▪ Nil <p>IASB guidance</p> <ul style="list-style-type: none"> ▪ Tentative agenda decision ▪ Background agenda paper ▪ Meeting recording

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<p>Guarantees issued on obligations of other entities</p> <p>IFRS 9, IFRS 15, IFRS 17 & IAS 37</p>	<p>September 2024</p> <p>Comments due 18 November 2024</p>	<p>KPMG comment</p> <p>We acknowledge the scoping requirements in IFRS Accounting Standards is not completely clear as there are definitional uncertainties and judgement will be required, particularly around the meaning of 'debt instrument'.</p> <p>Questions to consider</p> <p>Have you issued guarantees to other entities? Have you considered the scoping requirements in IFRS Accounting Standards when accounting for the issued guarantees?</p>	<p>Assets</p> <p>* Liabilities</p> <p>* Revenue/income</p> <p>Expenses</p> <p><i>*will impact, direction dependent on facts</i></p> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> ▪ Nil <p>IASB guidance</p> <ul style="list-style-type: none"> ▪ Tentative agenda decision ▪ Background agenda paper ▪ Meeting recording

Table 1: Tentative agenda decisions (continued)




Subject	IFRS IC meeting	Key issues and impacts	Likely impact
Recognition of revenue from tuition fees IFRS 15	September 2024 Comments due 18 November 2024	<p><i>Which period an educational institution recognises revenue from tuition fees over when revenue is recognised over time under IFRS 15 Revenue from Contracts with Customers, evenly over the academic year (10 months), evenly over the calendar year (12 months) or a different period?</i></p> <p>In the fact pattern presented:</p> <ul style="list-style-type: none"> Students attend the educational institution for approximately 10 months of the year (academic year) and have a summer break of approximately 2 months. During the summer break, the educational institution’s academic staff takes a four-week holiday and uses the rest of the time to: <ol style="list-style-type: none"> wrap up the previous academic year; and prepare for the next school year. During the four-week period in which the academic staff is on holiday: <ol style="list-style-type: none"> the academic staff continue to be employed by, and receive salary from, the educational institution but they provide no teaching services and do not carry out other activities related to providing educational services; non-academic staff provide some administrative support; and the educational institution continues to receive and pay for services such as IT services and cleaning.  <p style="text-align: right;"><i>continued over..</i></p>	<ul style="list-style-type: none"> * Assets * Liabilities * Revenue/income Expenses <p><small>*will impact, direction dependent on facts</small></p> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> Nil <p>IASB guidance</p> <ul style="list-style-type: none"> Tentative agenda decision Background agenda paper Meeting recording

Table 1: Tentative agenda decisions (continued)



Subject	IFRS IC meeting	Key issues and impacts	Likely impact
<p>Recognition of revenue from tuition fees</p> <p>IFRS 15</p>	<p>September 2024</p> <p>Comments due 18 November 2024</p>	<p>The evidence gathered by IFRIC indicates no diversity in accounting for revenue from tuition fees. Feedback suggests any differences in the time period over which these educational institutions recognise revenue from tuition fees result from differing facts and circumstances and do not reflect diversity in accounting for revenue from tuition fees.</p> <p>Based on its findings, IFRIC tentatively concluded that the matter described in the request does not have wide spread effect. Consequently, IFRIC tentatively decided not to add a standard-setting project to the work plan.</p> <p>KPMG comment</p> <p>The tentative agenda decision does not provide guidance to address the issue. We suggest IFRIC include educational guidance to walk through some factors to consider when reaching a conclusion in a similar fact pattern.</p> <p>Questions to consider</p> <p>Is your organisation an educational institution and over which period does your organisation recognise revenue from tuition fee? What have you considered when determining the appropriate period for revenue recognition?</p>	<p>—* Assets</p> <p>—* Liabilities</p> <p>—* Revenue/income</p> <p>Expenses</p> <p><small>*will impact, direction dependent on facts</small></p> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> ▪ Nil <p>IASB guidance</p> <ul style="list-style-type: none"> ▪ Tentative agenda decision ▪ Background agenda paper ▪ Meeting recording

Table 1: Tentative agenda decisions (continued)



Subject	IFRS IC meeting	Key issues and impacts	Likely impact
<p>Classification of cash flows related to variation margin calls on 'collateralised-to-market' contracts</p> <p>IAS 7</p>	<p>June 2024</p> <p>Comments closed in August 2024</p>	<p><i>How an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made to contracts to purchase or sell commodities?</i></p> <p>In the fact pattern presented:</p> <ul style="list-style-type: none"> • An entity may enter into a contract to purchase or sell commodities at a predetermined price and at a specified time in the future. • An entity may enter into such contract for different purposes and applied the relevant requirements in IFRS Accounting Standards accordingly. For example, an entity may use a contract: <ul style="list-style-type: none"> - to receive commodities in accordance with its expected usage requirements. - to hedge against fluctuations in the prices of commodities. - for trading purposes. • Such a contract typically has maturity of up to three years, can be settled physically or net in cash and is both: <ul style="list-style-type: none"> - centrally cleared – after a new contract is entered into, for the purpose of settlement via a central counterparty, each counterparty novates the contract to the central counterparty; and - 'collateralised to market' – during the life of the contract, the counterparties make or receive daily payments based on the fluctuations of the fair value of the contract (variation margin call payments). These payments represent a transfer of cash collateral (hence the contract is 'collateralised to market'), rather than a partial settlement of the contract (as in 'settled-to-market' contracts). <p style="text-align: right;"><i>continued over..</i></p>	<p>Assets</p> <p>Liabilities</p> <p>Revenue/income</p> <p>Expenses</p> <hr/> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> ▪ Nil <p>IASB guidance</p> <ul style="list-style-type: none"> ▪ Tentative agenda decision ▪ Background agenda paper ▪ Meeting recording

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Subject	IFRS IC meeting	Key issues and impacts	Likely impact
<p>Classification of cash flows related to variation margin calls on 'collateralised-to-market' contracts</p> <p>IAS 7</p> <p>(continued)</p>	<p>June 2024</p> <p>Comments closed in August 2024</p>	<p>Based on its findings, the IFRIC tentatively concluded that the matter described in the request does not have widespread effects. Consequently, the IFRIC decided not to add a standard-setting project to the work plan.</p> <p>Questions to consider</p> <p>Have you entered into such contracts? How do you classify the related cash flows in the statement of cash flows?</p>	<p>Assets</p> <p>Liabilities</p> <p>Revenue/income</p> <p>Expenses</p> <hr/> <p>Resources</p> <p>KPMG guidance</p> <ul style="list-style-type: none"> ▪ Nil <p>IASB guidance</p> <ul style="list-style-type: none"> ▪ Tentative agenda decision ▪ Background agenda paper ▪ Meeting recording



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