

21 May 2009

IFRIC tentative agenda decision relating to impairments

The International Financial Reporting Interpretations Committee (IFRIC) today published the summary of its 7 May 2009 meeting in [IFRIC Update](#).

The IFRIC is taking the unusual step of drawing attention to one of the tentative agenda decisions relating to existing impairment requirements because of its particular significance in the current market environment. The IFRIC was asked to clarify the meaning and interpretation of the phrase “significant or prolonged” as used in existing IFRS requirements regarding the impairment of available-for-sale equity instruments in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. According to these requirements an entity has to recognise impairment if the decline in value is “significant or prolonged”.

In response to the request received, the IFRIC discussed the issue at its May meeting. It expressed concerns that some of the diversity in practice resulted from some applications of the impairment requirements that are inconsistent with the standard. The IFRIC tentatively decided not to add the issue to its agenda because of the Board’s accelerated project to develop a replacement for IAS 39. However, it has set out some of the inconsistencies and the IFRIC’s conclusions about their compliance with the requirements in its tentative decision.

Following the usual due process, the IFRIC’s conclusions (including the reasons for not adding the issue to the IFRIC agenda) are tentative and will be open for comment until 22 June. Comments should be submitted via email to: ifric@iasb.org.

The comments received will be considered at the next IFRIC meeting in July 2009.