There is no Christmas break for the IASB! The standard setter has been very busy with no fewer than 9 exposure drafts currently in progress. Several documents were published on 23 December for comments by the end of January... Such haste can be explained by the desire to make these texts applicable to the 2008 accounts. As part of their wishes for 2009, some might wish to see serenity added to the principles of accountancy.

All the contributors to DOCTR’in wish you a Happy New Year.

Happy reading!

Michel Barbet-Massin     Jean-Louis Lebrun

A standard on regulated operations coming soon

In November, the IFRIC considered the appropriateness of preparing an interpretation on regulated operations. The issue was to determine under which circumstances the regulation conditions (tariffing in particular) could create assets and liabilities to be recognised. The IFRIC concluded that the agenda criteria were not met, mainly because divergence in practice does not seem to be significant. On staff proposal, the Board decided to add this new project to its agenda. This decision is unexpected from a Board whose agenda is already extremely crowded and which has always shown an unwillingness to prepare standards aimed at specific industries.

During their discussions, several members of the Board stressed the quality of the analysis document prepared by the staff. The document was in fact prepared by Sébastien Landry, senior manager at Mazars who is currently attached to the IASB.

Review of the IASC Foundation Constitution: second step

On 8 December 2008, the IASCF, the IASB Foundation, published for public comment a document on the second part of the five-yearly review of its Constitution. This document addresses the constitutional issues that were not addressed by the first part (see July-August 2008 issue of Beyond the GAAP). It especially covers emergency due process procedures, funding arrangements and the IASB’s agenda-setting procedures. Comments are welcome before 31 March 2009.
New exposure draft on IAS 24

On 11 December 2008 the IASB published the exposure draft “Relationships with the state” with proposed amendments to IAS 24 Related Party Disclosures. This text sets out to simplify the disclosure requirements on related parties for State-controlled entities.

State-controlled entities would be exempted from providing full details about transactions with the State or with other State-controlled entities. They would be required to provide general disclosures about the type and extent of significant transactions. With this exposure draft, the IASB also finalises the definitions of a related party and of a transaction with a related party.

The IASB invites comments by 13 March 2009.

Embedded derivatives and reclassifications

On 22 December the IASB published an exposure draft to amend IFRIC 9 Reassessment of Embedded Derivatives. This exposure draft states that an assessment of embedded derivatives must be carried out when reclassifying financial assets.

Embedded derivatives, as their name suggests, are derivative instruments included in host contracts that may be non-financial contracts. IAS 39 requires them to be separated from the host contract when specific conditions are met. These conditions must be analysed at the time of signature of the contract.

The publication of an amendment to IAS 39 in October 2008 allowing for the reclassification of certain financial assets created possible unintended consequences. Did the reclassification of an asset require a review of the recognition of embedded derivatives? Some believed that such a review was not required, on the basis of the IFRIC 9 interpretation which forbids such review. IFRIC 9 had been drafted and published at a time when reclassifications were not allowed.

The IASB amendment therefore provides clarification: embedded derivatives will have to be reviewed at the time of reclassification. The review must be conducted on the basis of the conditions at the date of acquisition or subscription of the instrument.

The comment period is reduced to one month and will end on 21 January 2009. The amendment should be applicable from the end of 2008.

Accounting for financial instruments: no change expected in the short term

During its December meeting, the Board addressed the various topics brought to its attention by the European Commission in a letter dated 27 October (see the October and November issues of Beyond the GAAP). These various topics (impairment of financial instruments, end of the irrevocable nature of the fair value option) will be addressed within the larger project for revising IAS 39. At the same time, the FASB has adopted provisions to eliminate all discrepancies between the two sets of standards in the treatment for CDOs.

IFRS 7: The IASB publishes a new draft amendment

On 23 December the IASB published an exposure draft with proposals to require additional disclosures on investments in debt instruments. Disclosures would compare in tabular form the fair value, amortised cost and book value of the relevant investments. The exposure draft also proposes that entities disclose the impact there would have been on profit or loss had all debt instruments been accounted for at fair value or at amortised cost.

The IASB invites comments by 15 January so that these provisions can be applied from the 2008 accounts.
Fair value recognition methods

During its December meeting, the Board took decisions on all the most complex issues: recognition of initial profits and losses, recognition of credit spread for the valuation of debt, fair value of a debt recognised on the basis of transfer pricing, definition of the benchmark market, choice of a scenario for the optimisation of the return on an asset, etc.

Almost all the Board’s decisions to date suggest that we can expect an exposure draft in line with the US standard.

What should be the basis for the recognition of debt and other liabilities?

The Board has reaffirmed that the credit risk attached to a debt must be accounted for when determining the fair value of the debt. However, the IASB believes that there must be a public debate on the relevance of recognising debt at fair value for users of financial statements.

A proposal and an invitation to comment will be prepared in the first quarter of 2009 as the basis for the consultation/debate proposed by the Board. The public will be invited to provide comments on the relevance of recognising debt at fair value for users of financial statements.

Adoption of the revised IAS 1

The Revised IAS 1 Presentation of Financial Statements was adopted by the European Commission on 17 December 2008. The revised IAS 1, published by the IASB in September 2007, has been substantially re-written. The amendments are primarily terminological, on the denomination of financial statements in particular. For example, the term “balance sheet” is replaced by “statement of financial position”.

The changes should not have a significant impact, as evidenced by the conclusion of the impact study carried out in Europe as part of the adoption process (see the June 2008 issue of Beyond the GAAP).

The application of the revised standard is mandatory for annual periods starting on 1 January 2009. Early application is permitted.

Adoption of IFRIC 13

The IFRIC 13 Customer Loyalty Programmes interpretation was adopted by the European Union on 16 December 2008 and published in the OJEC on 17 December.

The interpretation, published on 1 July 2007, provides an implementation guide for the recognition of products linked to customer loyalty programmes. The sale and the “points” awarded to the customer must be recorded separately. Loyalty awards are recognised at fair value. The portion of turnover corresponding to the future benefit is deferred, as a debt is accounted for before benefits are awarded.

Article 2 of Regulation (EC) No 1262/2008 sets the date of application, at the latest, as from the commencement date of its first financial year starting after 31 December 2008. As a reminder, the date of application was set by the IASB for annual periods beginning on or after 1 July 2008. The application date in Europe is therefore delayed by 6 months compared with the one set by the IASB.

This discrepancy applies to companies whose annual period does not coincide with the calendar year.
Adoption of the revised IAS 23

The amendments to IAS 23 Borrowing Costs were adopted by the European Union on 10 December 2008 and published in the OJEC on 17 December 2008. The application of the revised version of IAS 23 is mandatory for annual periods beginning on or after 1 January 2009. Early application is permitted.

Please note that the IASB has removed the option of recognising borrowing costs immediately in the result. The revised IAS 23 requires borrowing costs to be capitalised and to form part of the cost of the qualifying assets financed by a loan.

Adoption of an amendment to IFRS 2

The amendment to IFRS 2 Vesting Conditions and Cancellations was adopted by the European Union on 16 December 2008 and published in the OJEC on 17 December 2008.

The amendment states that:

- the conditions for the acquisition of rights are limited to either service conditions or performance conditions,
- all cancellations shall receive the same accounting treatment, whether they are initiated by the entity or by a third party.

The application of the revised version of IFRS 2 is mandatory for annual periods beginning on or after 1 January 2009. Early application is permitted.

Adoption of IFRIC 14

The interpretation IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction was adopted by the European Commission on 16 December 2008. It was published in the OJEC on 17 December.

European impact study for IFRS 3 and IAS 27

On 18 November 2008 the European Commission published its conclusions on the impact study for the revised IFRIC 3 and the revised IAS 27.

The cost/benefit analysis carried out by the European Commission concluded that the revised IFRS 3 and the revised IAS 27:

- meet the qualitative adoption criteria, and
- provide a benefit.

The conclusion of the impact study therefore recommends the adoption of these two standards by the European Union.

Article 2 of Regulation (EC) No 1263/2008 sets the date of application, at the latest, as from the commencement date of its first financial year starting after 31 December 2008. As a reminder, the date of application was set by the IASB for annual periods beginning on or after 1 January 2008. The application date in Europe is therefore delayed by one year compared with the one set by the IASB. Therefore, for the European entities, the interpretation is not mandatory at 31 December 2008 year end.

Please note that IFRIC 14 states that:

- if the plan has a surplus, the latter must be recognised on the basis of the economic benefit “available” either as a refund or as a reduction in future contributions. Availability means the unconditional right to a refund or to a reduction in future contributions, and does not have to be immediate;
- the minimum funding liability requires the recognition of a provision only when the accumulation of minimum funding makes the surplus unavailable for a refund or a reduction of future contributions.

Since April 2008, the adoption process for IASB standards and interpretations by the European Union has incorporated an impact study in order to determine the cost/benefit ratio of applying the new text.
The CESR (Committee of European Securities Regulators) published a new extract from its accounting studies database in December 2008. This is the fourth time that the CESR has published part of the accounting studies shared between the various European stock market regulators.

This publication includes 15 decisions on a variety of subjects ranging from the presentation of interim financial statements to consolidation or financial instruments.

Beyond the GAAP has summarised the publication on your behalf.

**Business combinations and consolidation**

This is the major theme of this extract, with 6 decisions relating to the application of IFRS 3, IAS 38, IAS 27 and IAS 28. The topics cover:

- Reverse acquisition: the direction of an acquisition is defined at the date of control. It cannot not be changed afterwards even if the purchasing entity is legally absorbed by the acquired entity for tax reasons;
- Control: a significant percentage of the voting rights or a strict majority is not always sufficient to obtain control. The database mentions the case of a limited partnership, in which certain partners may be given specific rights both in the by-laws and by law;
- Significant influence: significant influence may exist even when the issuer holds less than 20% of the voting rights of an entity. Significant influence may also exist even if the issuer has decided not to be represented on the Board.
- Acquired intangible assets: acquired intangible assets must be recognised separately if they can be measured reliably and if they have different useful lives. The database mentions the case of “pre-paid” and “post-paid” customer relationships in mobile telephony.
- Useful life of intangible assets: acquired contracts shall not be considered as having an indefinite useful life because they can be renewed without limitation. An undetermined useful life does not mean that it is indefinite.

**Presentation of financial statements**

This topic is covered by 4 extracts from the database:

- Disclosure of risks in the management report: IFRS 7 allows the disclosure of risks to which the entity is exposed in a statement separate from the financial statements and their incorporation in a cross-referenced appendix. IFRS 7 establishes two conditions: the disclosure must be published at the same time as the financial statements, and on the same terms. In the case presented, the disclosure was included in the management report. The cross-reference was not included in the appendix. In addition, there was a failure to explain that the management report had not been audited. The regulator has considered that the “on the same terms” criterion had not been met, since the management report was not audited while the financial statements were.
- Interim financial statements: the publication of interim financial statements under IAS 34 requires the disclosure of certain mandatory information. The CESR reiterates that segmental information and related party transactions must be disclosed in all interim statements.
Interim financial statements and business combinations: the presentation of an interim financial statement requires the entity to provide the disclosures required by IFRS 3 when a business combination has taken place during the period.

Interim financial statements and comparative information: the CESR states that IAS 34 provides explicit guidance on the comparative periods to be shown in an interim statement.

Financial Instruments

The CESR has published two decisions on the classification of financial instruments:

- Instruments giving entitlement to a fixed dividend independently of the result of the entity shall not be classified as equity instruments.
- The rights of minority shareholders holding a put option shall not be classified as minority interests. The put option incurs for the issuer an obligation to buy back its own equity instruments. This obligation meets the definition of a financial liability.

Other topics

The other decisions published by the CESR concern the following topics:

- Deferred tax assets: if an entity has incurred losses for several years, the recognition of deferred tax assets in respect of carried forward losses must be justified by convincing arguments. Budget estimates will not be sufficient.
- Current / non-current inventories: ageing inventories (alcohols, spirits etc.) are part of the normal operating cycle of an issuer specialised in the production and sale of wines and spirits. For this reason, the inventories are current assets, even if the ageing process can exceed 15 years.
- Defined contribution plans: the CESR reiterates that a plan which is not a defined contribution plan is, by definition, a defined benefit plan. It is not possible to define a voluntary contribution plan outside the scope of IAS 19 provisions.
At the Washington Summit on 15 November 2008, the members of the G20 restated the topics to be addressed in priority to support growth and carry out the necessary reforms to financial systems in the very short term.

As expressed by the Financial Stability Forum (see the September 2008 issue of Beyond the GAAP), the issues at stake include:

- The recognition of off-balance sheet items and the relevant financial disclosures,
- The measurement of complex and illiquid financial instruments, in financial crisis situations in particular,
- The improvement of IASCF governance to support financial stability.

Other subjects were also discussed during the Summit, such as the organisation and relevance of measures carried out by all the participants, whether public or private initiatives.

The IASB has already published its works related to off-balance sheet items and financial instruments.

**Recognition of off-balance sheet items:**

On 18 December, the IASB published the exposure draft ED 10 which suggests a single definition of control applicable to all entities, and enhanced financial disclosures for consolidated and non-consolidated entities.

Please note that the IASB plans to publish proposals to take into account the impact of the derecognition of certain financial instruments on the control of structured entities by 31 March 2009. These proposals are in line with a wider project aiming to enhance the standard on financial instruments.

**Measurement of complex and illiquid financial instruments, in particular at times of financial crisis:**

The IASB published two exposure drafts addressing these issues at the end of December 2008.

- The first aims to achieve consistency between the “flash” amendment on the reclassification of certain financial assets, published in October 2008, and the IFRIC 9 interpretation on the review of embedded derivatives.
- The second aims to enhance financial disclosure on investments in debt instruments, and to reinforce the comparability of those instruments whatever their classification.

Finally, the IASB has added the improvement of the standard on long-term asset impairment to its agenda. The IASB aims to further enhance convergence with US GAAP standard for the disclosures and the accounting treatment of the release of impairment provisions.
The IASB published a Discussion Paper (DP) on revenue recognition in December 2008. This widely anticipated document outlines the main provisions of a future standard to replace both IAS 18 Revenue and IAS 11 Construction Contracts by 2011. This document was jointly prepared with the FASB.

Beyond the GAAP provides a summary of the main characteristics of the DP.

**A broad scope of application**

The IASB proposes a single revenue recognition model for all contracts with customers.

A contract is defined as an agreement between two or more parties that creates enforceable obligations (obligations that may be brought before Court). Such an agreement does not need to be in writing. A customer is defined as a party which has contracted with an entity to obtain goods or services that represent an output of the entity’s ordinary activities.

No revenue can therefore be recognised in the absence of a contract with a customer!

The scope of the DP is very broad. All construction contracts, sale of goods and rendering of services, would be accounted for under the same principles. However, the IASB is considering whether the proposed model could apply to all contracts, notably:

- Insurance contracts. The IASB notes that there is an active project on the agenda on this matter (DP Insurance). Interactions between these two projects are not analysed in detail, but in the Board’s view, the proposed revenue recognition model might apply for some contracts that the insurance project is considering, but not all of them.
- Contracts in the bank sector. The IASB indicates that the proposed model in the DP might not always be relevant. It should be noted that the DP does not handle specific questions relating to the bank sector.

**Principle for the recognition of revenue**

A contract with a customer creates rights and obligations. According to the DP, revenue is recognised when the entity satisfies its obligations in the contract, i.e., transfers the goods or services promised in the contract. The transfer is carried out when the customer obtains control of the goods or services, typically when the goods are delivered or when the services are provided.

In most transactions in industrial and commercial sectors, the principles set out in the DP should not change much in practice with the exception of some construction contracts and rendering of services contracts.

In these contracts, the revenue could be recognised when the asset is delivered or at the completion date, and not at regular intervals throughout the construction process as it is currently the case.
Identification of the components of a contract

This issue has been addressed several times by the IFRIC (in IFRIC 13 on customer loyalty programmes and IFRIC 15 on construction of real estate in particular). The DP proposes to adopt a similar position to that of the IFRIC by identifying and recognising separately the revenue linked to each component of a contract, here called “performance obligations”.

A performance obligation is a promise made by an entity in a contract to transfer goods or services to a customer. This contractual promise may be explicit or implicit. When a contract contains several performance obligations, they are recognised separately when the promised goods or services are transferred to the customer at different times.

For example, a contract for the sale of goods with a two-year maintenance period includes two components: the sale of the goods and the maintenance service. The revenue linked to each component is recognised separately, on delivery of the goods and over the maintenance period respectively.

The identification of the various components of a contract is very important, as it determines the rate of recognition of the revenue.

In the case of a contract for both the sale of goods and the provision of services (as in construction contracts), it is not always easy to determine the various performance obligations (or components) of the contract, and when they are satisfied. Consider a contract to deliver steel girders, which require three months to manufacture. The performance obligations may be analysed as:

- the delivery of goods if the terms of the contract specify that the girders are transferred to the customer after the three months’ manufacturing period. In this case, the revenue is recognised at the delivery date, and the entity recognises inventories (work in progress) during the manufacturing process.
- the provision of goods and services during the manufacturing process if the terms of the contract specify that the customer must pay for the work completed to date and has the unconditional right to take over the work in progress at any time. In this case, the revenue is recognised throughout the manufacturing process when work in progress is transferred to the customer.

Recognition of revenue

The total amount of revenue that an entity may recognise is equal to the transaction price agreed upon in the contract (updated if necessary). The recognition of revenue on the basis of a fair value (or an exit price), at one time considered by the IASB, would therefore be abandoned for contracts in the scope of the DP.

At the time of signature of the contract, no revenue may be recognised as:
the rights and obligations are considered as equivalent at this date, and
no obligation has been met at this date.

If the contract includes several performance obligations (components), the transaction price is allocated to each performance obligation on the basis of the relative selling price of the goods and services underlying those performance obligations. The amount initially allocated to each performance obligation is recognised as revenue when the goods are delivered or when the services are provided.

The selling price of each good or service corresponds to the price at which the entity sells or could sell this good or service on a stand-alone basis. In the case where the good or service is not sold separately, the selling price may be estimated, for example on the basis of an approach consisting of:

- estimating the expected costs of meeting the obligation, adding the margin that the entity demands on similar goods or services;
- using market prices, adjusting them if necessary to reflect the structure of the costs and margin of the entity.

It should be noted that some contracts, notably in the bank and insurance sectors, could be excluded from the scope of the DP (see above) and accounted for on the base of a fair value (Compare DP Insurance).

**Contract losses (onerous obligations)**

The amount of the transaction price initially allocated to each performance obligation should not be revised unless that performance obligation is deemed onerous. A performance obligation is deemed onerous when the anticipated cost of meeting the performance obligation exceeds the amount initially allocated to it. In this case, a loss for the difference is immediately recognised. The margin included in the amount allocated to each obligation is used as a “cushion” before recognising a loss.

**Effects of the DP on existing practice**

The main points on which the DP could impact the current practice are:

a) **Scope of the DP**

Scope of the DP is very broad and needs to be specified, especially for contracts in the bank and insurance sectors (see above). Therefore, it is difficult to identify all the impacts of the DP.
b) Questioning revenue recognition for work in progress in certain construction and rendering of services contracts.

The revenue would be recognised only when the entity satisfies its performance obligations, i.e. when it transfers the goods or services. The revenue linked to construction contracts or the rendering of services contracts would be recognised throughout the construction process or the rendering of services process only if the customer obtains control of the goods (the work in progress) or services during the course of the construction process or the rendering of services process. If the control of the goods or service is transferred to the customer only at the end of the construction process, no revenue can be recognised before that date.

c) Systematic identification of the components of the contract.

Each component (or performance obligation) should be identified separately if the goods or the services related to each obligation are transferred at different times. The systematic application of this principle would for example require the recognition of warranties and other post-delivery services included in contracts for the sale of goods as a separate component. The revenue allocated to these obligations would be recognised only when they are met. Currently, the total revenue is generally recognised at the date of delivery of the goods, and provision is set aside to cover the costs related to these obligations.

d) Costs incurred in obtaining contracts.

These costs would be recognised as expenses incurred, as they do not meet the definition of an asset. In the current practice (see IAS 11), the costs of obtaining contracts are capitalised when there is a high probability of concluding the contract. This provision targets specifically commissions paid to salespersons.

Revenues are a key indicator of a company’s activity. There is no doubt that comments will be plentiful! Comments are welcome until 19 June 2009.
Exposure Draft ED 10 - Consolidated Financial Statements

The IASB published the exposure draft ED 10 Consolidated Financial Statements on 18 December 2008. Comments are welcome by 20 March 2009.

This publication is the response of the IASB to the recommendations of the Financial Stability Forum and the G20 in the current financial crisis and to the criticisms expressed about the lack of disclosures on off-balance sheet items.

In this document, the IASB pits forward a single definition of control applicable to both “traditional” subsidiaries and to ad hoc entities (now called “structured” entities).

The exposure draft also includes examples and clarifications regarding several aspects where exercising judgement may be difficult.

ёт A new definition of control

According to the new definition, “a reporting entity controls another entity when the reporting entity has the power to direct the activities of that other entity to generate returns for the reporting entity”.

With this new definition, the IASB seeks to avoid difficulty in the analysis of control without needing to know whether the entity falls under the scope of application of SIC 12.

Please note that the current definition of control (“power to govern the financial and operating policies of an entity so as to obtain benefits from its activities”) mainly focuses on the ability to take strategic or financing decisions regarding the activity. However, the SIC 12 interpretation is based on the analysis or risks and benefits.

Three components are therefore necessary to define control in the exposure draft:

- The power to direct the activities of that entity,
- The existence of returns for the group,
- The ability to use power to maximise returns (in other words, the link between power and returns)

Power to direct activities

The exposure draft states that the power over the financial and operating strategic policies of an entity is only one way to direct the activities of that entity. Thus a majority of voting rights does not always bring with it the power to direct the activities of the entity, for example due to constraints imposed by a contract or by the constitution, or when the entity is under legal supervision (reorganisation under Court supervision, for example).

In contrast, the consolidating entity may sometimes direct the activities of the entity without holding a majority of the voting rights. Among such situations, the document develops the situation of de facto control by the majority shareholder when there is a high level of dispersion of the other holdings in the hands of non-organised minority shareholders.
The exposure draft reiterates that control does not need to be absolute, and that certain minority shareholders may hold rights without preventing the majority shareholder from controlling the entity. The exposure draft provides examples of such “protective rights” (right of veto over certain decisions which would incur a significant change in the activity of the entity, for example).

Finally, as opposed to the current standard, call options and other potential voting rights that are immediately exercisable have no more systematic consequences on the level of control. The holder of such options may however control the entity if other facts and circumstances provide him with the power to exercise control (these other facts and circumstances are not clearly mentioned).

**Generating return for the consolidating entity**

The exposure draft states that the return for the consolidating entity may be positive or negative and may not be made of dividends. The consolidating entity must be exposed to the variability of the returns generated by the controlled entity and must also have the ability to have an influence on the return (this is the third condition for control).

Among possible returns, the Board mentions dividends or any other form of distribution to the shareholders, the variations in the value of the subsidiary attributable to the consolidating entity. The returns may also include revenue from the provision of services, revenue and exposure to risks related to loans or treasury facilities granted to the subsidiary, tax benefits, access to the cash of the subsidiary, a form of synergy benefitting only to the consolidating entity as well as cost reduction.

The exposure draft also refers to the supposed link between the exposure to the variations of returns and the level of control. The party that obtains the highest returns from the entity is generally the one with the greatest power on that entity.

**Treatment of structured entities**

The exposure draft includes a large part on the control of structured entities. It states that the analysis of control of a structured entity shall be based on all relevant components, including the 6 following items:

- The objective and the structure of the relevant entity,
- The returns received by the consolidating entity from the structured entity,
- The activities of the structured entity, and whether these activities are predetermined or not,
- The linked contracts,
- The ability of the consolidating entity to change the restrictions or the predetermination of the financial and operating strategic policies,
- The fact that the consolidating entity acts as a third party agent or that a third party is the agent of the consolidating entity.

These components are broadly in line with the analysis guidelines of the current SIC 12 interpretation.

A member of the Board considers that more precisions should be brought to measure the ability to direct the activities of structured entities. When it is not possible to determine who is in a position to direct the activities of the structured entity, this member proposes to come back to analysis based on the risks and rewards “fall back” test.
Disclosures

The exposure draft also requires a significant increase in disclosure for structured entities in which the consolidating or non-consolidating entity is involved due to the absence of control.

While the stated objectives of this exposure draft are to include in a single document the provisions on the measurement of control on any form of entity, its application guidance, illustrative examples and basis for conclusions will require a thorough analysis in order to identify all the consequences of this document on the current rules for consolidation. In this respect, we notice that 3 members of the Board have expressed themselves against the publication of the exposure draft. Therefore, one can expect that this new revision of the IAS 27 standard will be reviewed carefully and will be subject to a number of comments.

Finally, the discussions on consolidation are not finished, as the IASB considers a review of the significant influence concept and of the equivalence method.
Events/publications

The Doctrine team proposes two new technical publications:

- Business combination and consolidation: a summary of the new standards in 40 Q&As.
- Disclosures on related parties published on 31 December 2007: practices adopted by Eurostoxx 50 companies.

These publications are available on our website www.mazars.fr under the Media headline.

Frequently asked questions

- Consequence of the cancellation of a stock option plan when the conditions for the acquisition of rights are not met at the date of acquisition;
- Classification of a subsidiary in the process of being sold as a discontinued activity;
- Acquisition of a subsidiary held for sale;
- Qualification of a hedging operation;
- Acquisition made through an exchange: which treatment when the market capitalisation is below the...