

# International Financial Reporting Interpretations Committee

## IFRIC

### IFRIC AMENDMENT TO SIC-12

#### Scope of SIC-12 Consolidation—Special Purpose Entities

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##### References

- IAS 19 *Employee Benefits*
- IAS 32 *Financial Instruments: Disclosure and Presentation*
- IFRS 2 *Share-based Payment*
- SIC-12 *Consolidation—Special Purpose Entities*

##### Background

- 1 Until this Amendment becomes effective, SIC-12 excludes from its scope post-employment benefit plans and equity compensation plans (SIC-12.6). Until IFRS 2 becomes effective, such plans are within the scope of IAS 19 (as amended in 2002).
- 2 IFRS 2 is effective for annual periods beginning on or after 1 January 2005. IFRS 2 will amend IAS 19 by:
  - (a) removing from its scope employee benefits to which IFRS 2 applies, and

- (b) removing all references to equity compensation benefits and equity compensation plans.
- 3 Furthermore, IAS 32 requires treasury shares to be deducted from equity. When IFRS 2 becomes effective, it will amend IAS 32 to state that paragraphs 33 and 34 of IAS 32 (relating to treasury shares) shall be applied to treasury shares purchased, sold, issued or cancelled in connection with employee share option plans, employee share purchase plans, and all other share-based payment arrangements.

#### Issues

- 4 The first matter addressed by this Amendment is the inclusion of equity compensation plans within the scope of SIC-12.
- 5 The second matter addressed by this Amendment is to exclude from the scope of SIC-12 other long-term employee benefit plans. Until the Amendment becomes effective, SIC-12 does not exclude other long-term employee benefit plans from its scope. However, IAS 19 requires those plans to be accounted for in a manner similar to the accounting for post-employment benefit plans.

#### Amendment

- 6 Paragraph 6 of SIC-12 is amended as follows.  

This Interpretation does not apply to post-employment benefit plans or other long-term employee benefit plans to which IAS 19 applies.

#### Effective date

- 7 An entity shall apply this Amendment for annual periods beginning on or after 1 January 2005. If an entity applies IFRS 2 for an earlier period, this amendment shall be applied for that earlier period.