



21 September 2023

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON IFRS INTERPRETATIONS COMMITTEE TENTATIVE AGENDA DECISION

Comments to be received by 16 October 2023

The IFRS Interpretations Committee (IC) works together with the International Accounting Standards Board to support the consistent application of IFRS Accounting Standards. They do so by, among other things, issuing narrow-scope amendments and IFRIC Interpretations, and publishing agenda decisions to address application questions.

If the IC decides that a standard-setting project should not be added to the work plan, it explains why in a tentative agenda decision, and requests comments within a period normally of 60 days. An agenda decision explains why a standard-setting project has not been added to the work plan and, in many cases, includes explanatory material. Agenda decisions cannot add or change requirements in IFRS Accounting Standards.

At its September meeting, the IC discussed an application question in relation to [Payments Contingent on Continued Employment during Handover Periods \(IFRS 3 Business Combinations\)](#). The request asked how an entity accounts for payments to the sellers of a business it has acquired if those payments are contingent on the sellers' continued employment during a post-acquisition handover period.

The IC's findings do not indicate significant diversity in the accounting for payments contingent upon continued employment in fact patterns such as that described in the request. Entities apply the accounting described in the agenda decision [Contingent payments to shareholders and continuing employment](#) (published in January 2013) and account for the payments as compensation for post-combination services rather than as additional consideration for the acquisition, unless the service condition is not substantive. The IC considered that the matter described in the request does not have widespread effect and tentatively decided not to add a standard-setting project to the work plan.

The Financial Reporting Standards Committee of the Hong Kong Institute of Certified Public Accountants is seeking comments on the above tentative agenda decision by **16 October 2023** to allow your comments to be considered in developing its response. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.