

IFRIC 22

Foreign currency transactions and advance consideration

REFERENCES

- Conceptual Framework
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 21 The Effects of Changes in Foreign Exchange Rates

ISSUE

IAS 21 specifies the exchange rate to be used to initially recognise a foreign currency transaction) in the entity's functional currency. But the question of the exchange rate to be used in the event of receipt of advance consideration is not dealt with.

POSITION ADOPTED

If there are multiple payments or receipts in advance, the entity must determine a date of the transaction for each payment or receipt of advance for the purpose of determining the exchange rate at each date.