Disclosure of summarised financial information about material joint ventures or associates (IFRS 12 *Disclosure of Interests in Other Entities*)—January 2015

The Interpretations Committee received a request to clarify the requirement to disclose summary financial information on material joint ventures or associates in paragraph 21(b) (ii) of IFRS 12 *Disclosure of Interests in Other Entities* and its interaction with the aggregation principle in paragraphs 4 and B2–B6 of IFRS 12.

The submitter asserts that there are two ways in which to interpret the application of those paragraphs. Either the information required in paragraph 21(b) (ii) of IFRS 12 can be disclosed in aggregate for all material joint ventures or associates, or such information should be disclosed individually for each material joint venture or associate.

The submitter also asked the Interpretations Committee to clarify the requirements in paragraph 21(b) (ii) of IFRS 12 when the information relates to a listed joint venture or associate, and local regulatory requirements would prevent the investor from disclosing such information until the joint venture or associate has released its own financial statements. Would the investor be excused from disclosing the information?

The Interpretations Committee noted that it expected the requirement in paragraph 21(b)(ii) of IFRS 12 to lead to the disclosure of summarised information on an individual basis for each joint venture or associate that is material to the reporting entity (i.e. this information should not be presented in aggregate for all material joint ventures or associates). The Interpretations Committee observed that this reflects the IASB's intentions as described in paragraph BC50 of IFRS 12.

The Interpretations Committee also noted that there is no provision in IFRS 12 that permits the non-disclosure of the information required in paragraph 21(b) (ii) of IFRS 12.

The Interpretations Committee was made aware of another concern relating to the disclosures required by IFRS 12 for joint ventures or associates in paragraphs 21(b) (ii), and paragraphs B12 and B13. Some think that these paragraphs do not specify the basis on which an entity should prepare the required summarised financial information for joint ventures and associates. The question raised is whether this information should be presented for each material joint venture or associate on an individual basis, or whether this information should be disclosed for the subgroup of the joint venture or associate together with its investees.

The Interpretations Committee observed that a reporting entity should present the summarised financial information required by paragraph 21(b) (ii) about a joint venture or an associate that is material to the reporting entity based on the consolidated financial statements for the joint venture or associate, if it has subsidiaries. If it does not have subsidiaries, the presentation should be based on the financial statements of the joint venture or associate in which its own joint ventures or associates are equity-accounted. The Interpretations Committee noted that these views are consistent with paragraph B14 (a), which states that 'the amounts included in the IFRS financial statements of the joint venture or associate shall be adjusted to reflect adjustments made by the entity using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies'.

The Interpretations Committee analysed the results of the outreach request performed by the staff. This outreach indicated that no significant diversity has been observed in the application of IFRS 12 related to these issues.

In the light of the existing IFRS requirements, and on the basis of the outreach results received, the Interpretations Committee determined that neither an Interpretation nor an amendment to a Standard was necessary and therefore decided not to add this issue to its agenda.