Accounting for loss of control transactions
The Interpretations Committee discussed whether an entity should remeasure its retained interest in the assets and liabilities of a joint operation when the entity loses control of a business, or an asset or group of assets that is not a business. In the transaction discussed, the entity either retains joint control of a joint operation or is a party to a joint operation (with rights to assets and obligations for liabilities) after the transaction.

The Interpretations Committee noted that paragraphs B34–B35 of IFRS 11 Joint Arrangements specify that an entity recognises gains or losses on the sale or contribution of assets to a joint operation only to the extent of the other parties’ interests in the joint operation. The requirements in these paragraphs could be viewed as conflicting with the requirements in IFRS 10 Consolidated Financial Statements, which specify that an entity remeasures any retained interest when it loses control of a subsidiary.

The Interpretations Committee observed that the Board issued amendments to IFRS 10 and IAS 28 Investments in Associates and Joint Ventures in September 2014 to address the accounting for the sale or contribution of assets to an associate or a joint venture. Those amendments address a similar conflict that exists between the requirements in IFRS 10 and IAS 28. The Board decided to defer the effective date of the amendments to IFRS 10 and IAS 28 and further consider a number of related issues at a later date. The Interpretations Committee observed that the Post-implementation Review of IFRS 10 and IFRS 11 would provide the Board with an opportunity to consider loss of control transactions and a sale or contribution of assets to an associate or a joint venture.

Because of the similarity between the transaction discussed by the Interpretations Committee and a sale or contribution of assets to an associate or a joint venture, the Interpretations Committee concluded that the accounting for the two transactions should be considered concurrently by the Board. Consequently, the Interpretations Committee decided not to add this issue to its agenda but, instead, to recommend that the Board consider the issue at the same time the Board further considers the accounting for the sale or contribution of assets to an associate or a joint venture.