



Project **Joint Ventures**

Topic **Project update**

1. Subsequent to the comment letter analysis on ED 9 *Joint Arrangements* presented to the Board in April 2008, the Board redeliberated the proposals in May and June 2009. We have summarised below the decisions that the Board has tentatively agreed at these two meetings.
2. In May 2009 the Board tentatively decided:
 - (a) to replace the term ‘shared decision-making’ by ‘joint control’ for all types of joint arrangement.
 - (b) to merge ‘joint operations’ and ‘joint assets’ into a single type of joint arrangement called ‘joint operation’.
 - (c) that a joint arrangement could comprise both a joint operation and a joint venture, but each need to be a complete arrangement in its own right and not merely a residual.
 - (d) that, for a joint arrangement established in a separate entity, it is necessary to consider all relevant facts and circumstances to assess whether the arrangement is a joint operation or a joint venture. There should not be a rebuttable presumption that the arrangement is a joint venture.
3. In June 2009 the Board discussed how participants in a joint arrangement should account for their interest in the arrangement if they do not have joint control. The Board tentatively decided:
 - (a) to introduce a term such as ‘investor in a joint arrangement’ to designate parties to joint arrangements that do not have joint control in the arrangement.

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in IASB *Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

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- (b) that an investor in a joint arrangement that is a joint operation should account for its assets, liabilities, revenues and expenses arising from the joint operation.
 - (c) that an investor in a joint arrangement that is a joint venture should account for its interest in accordance with IAS 39 or, if it has significant influence in the joint venture, in accordance with IAS 28.
- 4. The Board also tentatively decided that a party with an interest in a joint operation shall recognise the assets or the shares of the assets it controls, classified according to the nature of the assets.
- 5. We have identified the following as remaining areas to redeliberate with the Board:
 - (a) Transactions between a party and a joint arrangement;
 - (b) Disclosures;
 - (c) Transitional provisions; and,
 - (d) Any remaining sweep issues
- 6. The purpose of today's meeting is to discuss the first of these remaining areas (ie transactions between a party and a joint arrangement). For the purposes of facilitating the discussion, we have prepared Agenda Papers 11-A, 11-B and 11-C.