Project	**Joint Ventures**
Topic	**Disclosures**

1. Disclosures were initially included in Agenda Paper 11-B presented to the Board at its March 2010 meeting. This paper discusses the following matters:

   (a) The level of aggregation for the disclosures for joint ventures and for associates. The Board discussed this item, but asked the staff to return to the Board with additional analysis.

   (b) The level of detail for the summarised financial information for joint ventures and associates. The Board discussed this item. This Agenda Paper clarifies some aspects and aims to facilitate final decisions in this specific area.

   (c) Final considerations related to the disclosure of commitments and contingent liabilities.

   (d) Disclosures for venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds.

Level of aggregation

2. We have reassessed our recommendations as a result of the meeting held with the Board in March 2010. In that meeting, we recommended that the level of aggregation of the disclosures of summarised financial information for joint ventures and associates should be *'either individually or in groups'*.

3. ED 9 proposed a venturer to disclose the following information:

   > 39. (a) a list and description of interests in **significant joint ventures** and the proportion of ownership interest held.
   >
   > (b) for each **individually material** joint venture, and **in total for all other** joint ventures summarised financial information, including but not necessarily limited to, **the venturer's interest** in the amount of each of:
   > (i) current assets,
   > (ii) non-current assets,

(iii) current liabilities,
(iv) non-current liabilities,
(v) revenues, and
(vi) profit or loss.

4. ED 9 additionally proposed restoring to IAS 28 *Investments in Associates* the requirements to disclose a list and description of **significant** associates and the following consequential amendment relating to summarised financial information:

> summarised financial information of associates, including the ~~aggregated amounts of~~ **investor's interest** in the amount of each of current assets, non-current assets, current liabilities, non-current liabilities, revenues and profit or loss. This disclosure is presented in total for **all associates**~~;~~.

5. Our recommendation to provide an option for the aggregation of the disclosures by recommending that disclosures be provided for joint ventures and associates either *'individually or in groups'* was based on concerns raised by some respondents that in those cases where joint ventures are created to support only one contract, the disclosure requirements of paragraph 39 (b) in ED 9 would lead to the publication of commercially-sensitive or confidential information.[1] Our recommendation also enabled a smoother alignment with the disclosure requirements relating to the summarised financial information of associates, which currently require:

> IAS 28.37 (b) summarised financial information of associates, including the **aggregated amounts** of assets, liabilities, revenues and profit or loss;
>
> IAS 28.37 (i) summarised financial information of associates, **either individually or in groups**, that are not accounted for using the equity method, including the amounts of total assets, total liabilities, revenues and profit or loss.

6. Our recommendation kept the drafting proposed in ED 9 by recommending that a venturer or investor should disclose **its interest** in the amount of each of the joint ventures' and associates' required financial items.

[1] This comment corresponds to Comment Letters 12, 36, 82, 83 and 112.

7. The concerns raised by the Board relating to the recommendations above were:

   (a) that there was a need for clarification of the definition of *'significant'* joint ventures in the proposed requirement in ED 9 to provide a list and description of interests in *significant* joint ventures;

   (b) how *'groups'* were defined in the requirement for disclosures to be *'either individually or in groups'*; and

   (c) disclosure of the *'venturer's interests'* or the *'investor's interests'* in the amount of each of the financial items required was not found to be appropriate, because the joint venturer or investor has neither rights in, nor obligations towards, the joint ventures' or associates' assets and liabilities. Instead, the joint venturer or investor has an interest in the net assets of the joint ventures or associates in which it is involved.

Analysis of the points raised by the Board

List and description of interests in significant joint ventures

8. We note that the term 'significant' is currently included in IAS 31 as follows:

> 56. A venturer shall disclose a listing and description of interests in **significant** joint ventures and the proportion of ownership interest held in jointly controlled entities.

9. *Significant* as a term to indicate a threshold from which to disclose information is not currently defined in IFRSs. The International Federation of Accountants, in its 2009 edition of the *Handbook of International Standards on Auditing and Quality Control* defines 'significance' and 'significant component' as follows:

> *Significance*—The relative importance of a matter, taken in context. The significance of a matter is judged by the practitioner in the context in which it is being considered. This might include, for example, the reasonable prospect of its changing or influencing the decisions of intended users of the practitioner's report; or, as another example, where the context is a judgment about whether to report a matter to those charged with governance, whether the matter would be regarded as important by them in relation to their duties. Significance can be considered in the context of quantitative and qualitative factors, such as relative magnitude, the nature and effect

> on the subject matter and the expressed interests of intended users or recipients.
>
> *Significant component*—A component identified by the group engagement team (i) that is of individual financial significance to the group, or (ii) that, due to its specific nature or circumstances, is likely to include significant risks of material misstatement of the group financial statements.

10. In relation to 'materiality' the International Standard on Auditing (ISA) 320 *Materiality in Planning and Performing an Audit* states that if the discussion on materiality is present in the applicable financial reporting framework, this should then be used as the frame of reference for the auditor in determining materiality for the audit.

11. Materiality is defined in Chapter 3 *Qualitative characteristics of, and constraints on, useful financial information* of the Framework as follows:

> QC 34 - Information is material if omitting it or misstating it could influence decisions that users make on the basis of a reporting entity's financial information. To determine whether information is material, both the nature and/or magnitude of the item(s) to which the information relates must be considered in the context of an individual entity's financial report. Consequently, the Board cannot specify a uniform quantitative threshold or predetermine what could be material in a particular situation.

12. Even though 'significant' is not a defined term in IFRS, informal discussions with practitioners and members of IFRIC have indicated that the threshold of relevance triggered by the term 'significant' is lower than the threshold triggered by 'material'.

13. We recommend that the term 'significant' should be replaced by 'individually material' in the proposed disclosure requirement in ED 9, and that it should be extended to associates as detailed below. We also aim to clarify that materiality should be assessed in relation to the reporting group. Consequently, joint arrangements and associates that are individually material are those that are individually material in relation to the reporting group and not those that are individually material within the group of joint arrangements and associates in which an entity is involved.

39. (a) a list and description of interests in ~~significant~~ individually material joint arrangements[2] ~~ventures~~ and associates, including the name, country of incorporation or residence, ~~and the~~ proportion of ownership interest ~~held~~ and, if different, proportion of voting power held.

Question 1– List of individually material joint arrangements and associates
Does the Board agree with the recommendation to require a list and description of joint arrangements and associates based on whether they are *individually material* for the reporting group rather than *significant*?

Aggregation of summarised financial information

14. We have analysed the aggregation of the summarised financial information required for joint ventures and associates from these two different angles:

    (a) Disclosure of *'total or hundred per cent amounts'* vs *'venturers' interests'* or *'investor's interests'*; and

    (b) Aggregation of the disclosure requirements: for each *'individually-material joint venture/associate and in total for all others'* or for each *'individually-material joint venture/associate and in total for all others or for homogeneous groups'*

15. As mentioned above, in the case of joint ventures and associates, the Board did not find it appropriate to require disclosures relating to the venturers' or investors' specific shares of the joint ventures' or associates' assets and liabilities, because the venturer or investor has neither rights in, nor obligations towards, the specific shares of the joint ventures' or associates' assets and liabilities. Instead, the venturer or investor has an interest in the net assets of the joint ventures or associates in which it is involved.

[2] At the March 2010 Board meeting the Board tentatively decided that the requirement of providing a list and description of investments should relate to *joint arrangements* rather than to *joint ventures* as proposed in ED 9.

16. We think that requiring total or hundred per cent amounts for each of the specific financial items would only be appropriate if the summarised financial information refers to individually-material joint ventures/associates rather than if it refers to groups. However, this poses the following challenges:

    (a) If the disclosure (ie *hundred per cent gross amounts* of the specific financial items) is only required for *individually-material* joint ventures/associates, the information provided in the note might not necessarily tie to the face of the financials in the case where an entity has other joint ventures/associates that are not individually material.

    (b) In the case where the disclosure (ie *hundred per cent gross amounts* of the specific financial items) is required for *individually-material joint ventures/associates and in total for all others*, the disclosure of summarised financial information for 'all other non-material joint ventures/associates' at hundred per cent amounts would not be useful, because the entities' percentages of ownership in the different non individually-material joint ventures/associates might differ.

    (c) We note that in the case where an entity has acquired a joint venture or an associate, the entity's share of the assets and liabilities included in its investment is measured at fair value at the date of the acquisition. This would mean that the amounts disclosed at a hundred per cent would need to be the adjusted hundred per cent amounts (ie the hundred per cent of the amounts disclosed might not necessarily coincide with the amounts of the joint ventures' or associates' financials).

    (d) An additional matter to consider when the interest in the joint venture or associate was acquired is goodwill included in the investment accounted for using the equity method. An entity might be able to extrapolate (based on its share and based on the purchase acquisition values) the values of the assets and liabilities of the joint venture or associate based on hundred per cent gross amounts. However, doing the same for goodwill would not be appropriate.

(e) In the case of associates, ED 9 did not propose requiring summarised financial information on an individual basis (the consequential amendment to IAS 28 proposed by ED 9 relating to summarised financial information is in paragraph 4 of this Agenda Paper). Bearing in mind the Board's concern about disclosing the investor's interest in the different financial captions of the associates, we note that disclosure of associates' hundred per cent gross amounts of current assets, non-current assets, current liabilities, non-current liabilities, revenues and profit or loss would not represent useful information unless the information is required only for individually-material associates, which would differ from what ED 9 proposed.

17. We have additionally noted that, as mentioned above, requiring the disclosure of summarised financial information at hundred per cent amounts does not leave headroom for allowing an option to entities to present the disclosures of summarised financial information for joint ventures or associates grouped in homogeneous or similar groups. Consequently, this will leave unanswered the concerns expressed by some respondents to ED 9 as stated in paragraph 5 of this Agenda Paper. We observe, however, that requiring disclosure of summarised financial information for individually material joint ventures/associates instead of in groups would represent providing summarised financial information for the joint ventures/associates that an entity would have listed based on our proposed disclosure requirement in paragraph 13. We think that this would be an ideal alignment (ie that it provide summarised financial information for each of the individually-material joint ventures and associates listed by the entity).

18. We think that the purpose of this disclosure is to:

(a) enable users to obtain a gross breakdown of the underlying assets and liabilities netted in the investment presented in the face of the statement of financial position that has been accounted for under the equity method; and

(b) enable users to understand the financial extent of the activities undertaken through joint ventures and associates so that the latter can be assessed and valued.

19. Considering the matters detailed in paragraphs 16 and 17 and the purpose of this disclosure as detailed in paragraph 18, we note that the wording proposed in ED 9 *'the venturer's/investor's interest in the amount of each'* as shown below

> ED 9. 39. (b) for each **individually material** joint venture, and **in total for all other** joint ventures summarised financial information, including but not necessarily limited to, **the venturer's interest** in the amount of each of:
> (i) current assets,
> (ii) non-current assets, […]
>
> *Consequential amendment to IAS 28 proposed by ED 9*
> […]summarised financial information of associates, including **the** ~~aggregated amounts of~~ **investor's interest** in the amount of each of current assets, non-current assets, current liabilities, non-current liabilities, revenues and profit or loss. This disclosure is presented in total for all associates~~;~~.

could be reworded to state that a joint venturer or investor should disclose the required summarised financial information factored by the joint venturer's or investor's interest in the (net assets of the) joint venture or associate.

20. Based on the information provided in paragraphs 15-19, we would like to confirm with the Board their preference relating to the presentation of the summarised financial information disclosed in the final standard for both joint ventures and associates.

Question 2 – Amounts in hundred per cent or factored by the joint venturer's or investor's interest in the joint venture/associate
What is the Board preference relating to the presentation of the summarised financial information disclosed in the final standard: (a) amounts at hundred per cent; or (b) amounts factored by the joint venturer's or investor's interest in the joint venture or associate?

21. The following are possible options for aggregating the summarised financial information required in the final standard. In Appendix A we have illustrated

the disclosures relating to these three options. The options presented below have to be considered in connection with the preference expressed by the Board in Question 2 above.

22. If the Board's preference is to present amounts at a hundred per cent, the following is the aggregation option we propose:

    (a) Option A - Disclosing amounts at a *hundred per cent* for individually-material joint ventures and associates and disclosing the *entity's net interest* amount in those joint ventures or associates that are not individually-material.

23. If the Board's preference is to present amounts factored by the joint venturer's or investor's interest in the net assets of the joint ventures/associates, we propose the following aggregation options:

    (a) Option B - Disclosing summarised financial information *factored* by the joint venturer's or investor's interest in the net assets of each individually-material joint venture or associate and in total for all other non individually-material joint ventures or associates.

    (b) Option C – Disclosing summarised financial information in accordance with Option B **or** disclosing summarised financial information *factored* by the joint venturer's or investor's interest in the net assets of the joint venture or associate grouped by homogenous or similar groups of joint ventures or associates.

Question 3 – Aggregation of the disclosure requirements for joint ventures and associates
Based on your preference in Question 2: - Do you agree with Option A as set out in paragraph 22? Would you modify anything? If so, what? - Which option do you prefer: Option B or Option C? Would you modify anything? If so, what?

Level of detail of the summarised financial information for joint ventures

24. Paragraphs 25-28 are for information purposes only but they need to be taken into consideration when answering Question 4 below.

25. Relating to the detail of the disclosures to be provided, in Agenda Paper 11-B presented at the March Board meeting, we suggested that an entity should disclose the following financial information relating to the joint ventures in which it participates:

    (i) cash;
    (ii) current assets;
    (iii) non-current assets;
    (iv) financial liabilities, excluding trade and other payables and provisions;
    (v) current liabilities;
    (vi) non-current liabilities;
    (vii) revenues;
    (viii) depreciation and amortisation;
    (ix) interest revenue;
    (x) interest expense;
    (xi) income tax expense or income; and
    (xii) profit or loss.

26. We additionally recommended that a venturer should disclose the amount of dividends received from its joint ventures.

27. These proposed disclosure requirements were tentatively approved by the Board, but the following observations were raised:

(a) There might be an overlap between financial liabilities, excluding trade and other payables and provisions and current and non-current liabilities; and

(b) The Board additionally raised the need to incorporate disclosure of other comprehensive items relating to joint ventures.

28. Based on these suggestions, we have redrafted the proposed disclosures requirements for summarise financial information as follows:

> (i) cash and cash equivalents;
> (ii) current assets, excluding cash and cash equivalents;
> (iii) non-current assets;
> (iv) financial liabilities, excluding trade and other payables and provisions;
> (v) current liabilities, excluding any current financial liabilities disclosed in (iv);
> (vi) non-current liabilities, excluding any non-current financial liabilities disclosed in (iv);
> (vii) revenues;
> (viii) depreciation and amortisation;
> (ix) interest revenue;
> (x) interest expense;
> (xi) income tax expense or income; ~~and~~
> (xii) profit or loss; and
> (xiii) other comprehensive income.

Level of detail of the summarised financial information for associates

29. As mentioned in paragraph 4 of this Agenda Paper, ED 9 additionally proposed to amend the requirement of summarised financial information in IAS 28 as follows:

> summarised financial information of associates, including the ~~aggregated amounts of~~ investor's interest in the amount of each of current assets, non-current assets, current liabilities, non-current liabilities, revenues and profit or loss. This disclosure is presented in total for all associates~~;~~.

30. The proposal above to require disclosure of current and non-current assets and liabilities of associates, rather than total assets and liabilities, was supported by a majority of the respondents. Some respondents expressed, however, doubts

about the benefits and usefulness to investors of breaking down the amounts of assets and liabilities between current and non-current, because it would not be possible for them to block decisions concerning the allocation of associate's assets and liabilities.[3]

31. The users that responded to ED 9 stated that it would be particularly helpful for companies to be able to disclose short-term and long-term debt separately from other current and non-current liabilities, and on the asset side, to have cash disclosed separately from other assets.

32. We think that summarised financial information for associates will generally warrant a lower level of detail than the disclosures of joint ventures, because the involvement and the level of commitments assumed by an investor is often lower than the involvement and level of commitments assumed by a venturer to a joint venture. However, we can also foresee instances when associates are strategic investments for the operations of their investors and/or are individually-material investments for their investors. In those instances, and considering that this disclosure requirement should also provide useful information to enable users to assess the value of the investors' interests in the associates, we think that aligning the disclosures requirements of associates with those of joint ventures would be warranted. We note, however, that broader disclosure requirements for associates was not publicly exposed.

33. We would like the Board to consider to which factor the detail of the requirements of summarised financial information for associates should respond:

    (a) The nature of the relationship between a joint venturer and its joint venture is generally closer and tighter than the relationship between an investor and its associate. Consequently, this warrants the level of

[3] Comment letters expressing concerns relating this disclosure requirement are CL 4, CL 8, CL 13, CL 16, CL 18, CL 20, CL 26, CL 27, CL 30, CL 42, CL 47, CL 48, CL 52, CL53, CL54, CL 57, CL66, CL77, CL 79 and CL80.

detail of the disclosures to be different and richer in the case of joint ventures.

(b) The usefulness of the information in order to assess the value of the activities undertaken by associates, especially when the associates are strategic to the investor or individually material. Based on this approach, the level of the disclosures required for associates should be aligned with that of joint ventures.

34. We understand that specific circumstances (eg when the associate is a strategic and a material investment for the investor) might warrant disclosure of summarised financial information for associates in a greater detail. However, we think that the criteria that should prevail for the determination of the level of detail in the disclosure requirement of summarised financial information is the nature of the relationship. Consequently, we propose keeping the same level of detail for the summarised financial information required for associates as for that proposed in ED 9 (ie disclosure of current and non-current assets and liabilities, revenues and profit or loss).

Question 4– Detail of disclosure for Associates
Does the Board agree with the staff's recommendation of maintaining the disclosures proposed by ED 9 relating to the summarised financial information for associates?

Final considerations to the disclosures of commitments and contingent liabilities

35. At the March 2010 Board meeting we proposed, and the Board tentatively decided, to disclose commitments and contingent liabilities for all types of joint arrangements (ie joint operations and joint ventures).

36. We have reconsidered our recommendation to the Board to disclose separately commitments and contingent liabilities for joint operations. Commitments and contingent liabilities for joint operations will be disclosed by the reporting entity as part of its own disclosures. When reconsidering this requirement we have assessed whether the objective of the requirement is to be:

(a) a reminder for an entity to disclose commitments and contingent liabilities; or

(b) a requirement for an entity to disclose commitments and contingent liabilities separately when these arise from a joint operation.

37. We think that the main purpose of these disclosures is for an entity to disclose separately its contingent liabilities and commitments arising from joint operations and joint ventures. Based on this, we analyse below the need for separate disclosures for contingent liabilities and commitments when they arise from arrangements that are joint operations.

Contingent liabilities

38. In the case of contingent liabilities, we note that the disclosure requirements for contingent liabilities in relation to joint operations would be covered by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as follows:

> 86 Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:
> (a) an estimate of its financial effect, measured under paragraphs 36–52;
> (b) an indication of the uncertainties relating to the amount or timing of any outflow; and
> (c) the possibility of any reimbursement.

39. If contingent liabilities relating to a joint operation are reported by the entity because they are the entity's contingent liabilities, the usefulness of requiring separate disclosure of contingent liabilities relating to joint operations from the remaining contingent liabilities of the reporting entity can be perceived as limited. The main reason for proposing at the March Board meeting disclosure of contingent liabilities arising from joint operations separately was because the parties might have agreed to respond jointly towards liabilities. We note however, that **joint** liabilities is captured by IAS 37 as follows:

> 29. Where an entity is **jointly** and severally liable for an obligation, the part of the obligation that is expected to be met by the other parties is treated as a contingent liability. The entity recognises a

> provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made.

40. We think that in the case of joint operations, the existing requirements in IAS 37 would cover the disclosure requirements in relation to contingent liabilities arising from joint operations. Consequently, we recommend not requiring separate disclosures relating to an entity's contingent liabilities arising from joint operations.

41. Even though one could argue that the disclosures in IAS 37 might also cover the case of an entity's contingent liabilities arising from its involvement in joint ventures, we think that providing disclosures relating to contingent liabilities separately for the case of joint ventures can contribute to providing information that might help users to assess the value of the activities undertaken through these arrangements. We note that IAS 28 requires disclosure of contingent liabilities for associates and we propose to carry them forward.[4]

Question 5– Contingent Liabilities
Does the Board agree with the staff's recommendation for removing the requirement to disclose contingent liabilities arising from joint operations separately from the other reporting entity's own contingent liabilities disclosure, but keeping separate disclosures relating to contingent liabilities arising from the entity's involvement in joint ventures?

Commitments

42. We note that joint operations and joint ventures often require that their corresponding parties reach commitments as a way of securing the continuity of the activities of the arrangements. Disclosure requirements of commitments are dispersed throughout different IFRSs as follows:

[4] Paragraph 40 of IAS 28 states: 'In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets the investor shall disclose: (a) its share of the contingent liabilities of an associate incurred jointly with other investors; and (b) those contingent liabilities that arise because the investor is severally liable for all or part of the liabilities of the associate.'

(a) Commitments to acquire fixed assets, intangible assets and commitments for the development of acquisition of biological assets are required to be disclosed by IAS 16 *Property, plant and equipment*, IAS 38 *Intangible Assets* and IAS 41 *Agriculture*.

(b) Commitments of future minimum lease payments for non-cancellable operating leases are required to be disclosed by IAS 17 *Leases*.

(c) Commitments to purchase, construct or develop investment property for repairs, maintenance or enhancements are required to be disclosed by an entity that holds investment properties by IAS 40 *Investment property*.

(d) Commitments in respect of financial instruments are required to be disclosed by IFRS 7 *Financial Instruments: Disclosure*.

(e) Commitments with a related party are required to be disclosed by IAS 24 *Related Party Disclosures*. (The disclosure requirements of IAS 24 will, however, only apply to transactions carried out between a joint venturer and its joint venture).

43. As for contingent liabilities, we propose to remove the requirement to disclose commitments arising from joint operations separately from the other reporting entity's commitment disclosures. The rationale for this proposal is that when the commitments are the commitments of the entity, disclosures that provide information about the nature of these commitments might be more relevant than the fact that the entity's commitment relate to a joint operation. However, if the commitments are related to an investment in which the entity has an interest, separate disclosure might provide useful information to enable users assess the value of the investment.

Question 6– Commitments
Does the Board agree with the recommendation for removing the requirement to disclose commitments arising from joint operations separately from the other reporting entity's own commitments disclosure, but keeping separate disclosures relating to commitments arising from the entity's involvements in joint ventures?

Disclosures for venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds

44. IAS 31 and IAS 28 require that venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds holding an interest in a joint venture or an investment in an associate fulfill **specific** disclosure requirements as follows:

    (a) According to paragraph 1 of IAS 31, 'a venturer holding such an interest shall make the disclosures required by paragraphs 55 and 56':

    > 55 A venturer shall disclose the aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments: (a) any capital commitments of the venturer in relation to its interests in joint ventures and its share in the capital commitments that have been incurred jointly with other venturers; and (b) its share of the capital commitments of the joint ventures themselves.
    >
    > 56 A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method shall disclose the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses related to its interests in joint ventures.

    (b) According to paragraph 1 of IAS 28, 'an entity holding such an investment shall make the disclosures required by paragraph 37 (f)'. We note that paragraph 37 (i) of IAS 28 would also be applicable for venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds, however, IAS 28 does not specify it as a required disclosure for this type of investors:

> 37 (f) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements or regulatory requirements) on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances;
>
> 37 (i) summarised financial information of associates, either individually or in groups, that are not accounted for using the equity method, including the amounts of total assets, total liabilities, revenues and profit or loss.

45. We think that the final IFRS should not try to state in detail which specific disclosure requirements are applicable to venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds. Instead, we think that all joint venturers and investors, independently of the type of entity these joint venturers or investors are, should be subject to all the disclosure requirements of the IFRS, and that they should exercise judgment to decide whether their particular circumstances would trigger disclosure in relation to a specific requirement.

46. Consequently, we recommend not to specifically highlight which disclosures requirements venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds should provide when they are the joint venturers or investors in a joint venture or associate.

Question 7– Venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds
Does the Board agree with the staff recommendation of not specifically addressing which disclosure requirements venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds need to fulfil in the case where they are the joint venturers or investors in a joint venture or associate?

Appendix

A1. Appendix A illustrates the disclosure options proposed in paragraphs 22 and 23 of this Agenda Paper.

A2. Appendix B provides an overview of the current requirements in IAS 31, IAS 28 and the proposed requirements in ED 9.

[Examples only covering one period]

(in thousands of currency units)

OPTION A

	Indiv mat JV A	IASB Staff paper Indiv mat JV B	Indiv mat JV C	Other non indiv material JVs
Ownership	40%	45%	50%	
Current assets	1,259	1,310	4,220	
Non-current assets	1,620	3,259	7,030	
Current liabilities	560	1,130	3,250	
Non-current liabilities	690	1,320	6,810	
Net assets at hundred per cent	*1,629*	*2,119*	*1,190*	
Net assets factored by percentage ownership	*652*	*954*	*595*	*250*

OPTION B

	Indiv mat JV A	Indiv mat JV B	Indiv mat JV C	Other non indiv material JVs
Ownership	40%	45%	50%	
Current assets	504	590	2,110	350
Non-current assets	648	1,467	3,515	150
Current liabilities	224	509	1,625	75
Non-current liabilities	276	594	3,405	175
Net assets factored by percentage ownership	*652*	*954*	*595*	*250*

OPTION C - *[Option B or Disclosures as below]*

	Group A (JV A + JV B)	Group B (JV C + others)
Current assets	1,093	2,460
Non-current assets	2,115	3,665
Current liabilities	733	1,700
Non-current liabilities	870	3,580
Net assets factored by percentage ownership	*1,605*	*845*

IAS 31	IAS 28	ED 9	
		Joint Arrangements	Consequential amendments to IAS 28
56. A venturer shall disclose a listing and description of interests in **significant** joint ventures and the proportion of ownership interest held in jointly controlled entities. […]	No requirement.	37. (a) a list and description of interests in **significant** joint ventures and the proportion of ownership interest held.	37 (aa) a list and description of investments in **significant** associates and the proportion of ownership interest held.
56.[…]A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method shall disclose the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses **related to its interests** in joint ventures.	37. (b) summarised financial information of associates, including **the aggregated amounts** of assets, liabilities, revenues and profit or loss;[…] […] (i) summarised financial information of associates, **either individually or in groups,** that are not accounted for using the equity method, including the amounts of **total** assets, **total** liabilities, revenues and profit or loss.	37. (b) for **each individually material joint venture, and in total for all other joint ventures** summarised financial information, including, but not necessarily limited to, the **venturer's interest** in the amount of each of: (i) current assets, (ii) non-current assets, (iii) current liabilities, (iv) non-current liabilities, (v) revenues, and (vi) profit or loss.	37 (b) summarised financial information of associates, including the **investor's interest** in the amount of each of current assets, non-current assets, current liabilities, non-current liabilities, revenues and profit or loss. This disclosure is presented **in total for all associates.**