

STAFF PAPER

March 2014

IASB Meeting

Project	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 <i>Joint Arrangements</i>)		
Paper topic	Mandatory effective date		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Purpose of this paper

1. The purpose of this Staff Paper is to propose an amendment to the mandatory effective date of *Accounting for Acquisitions of Interests in Joint Operations* (Amendments to IFRS 11) from 1 **January** 2015 to 1 **July** 2015.
2. The purpose of the amendments to IFRS 11 is to introduce guidance into IFRS 11 *Joint Arrangements* on the accounting for acquisitions on interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 *Business Combinations*.

Reason for proposing an amendment to the mandatory effective date

3. Paragraph 6.35 of the *IFRS Foundation Due Process handbook* requires that the mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying IFRS have sufficient time to prepare for the new requirements.
4. At its meeting in November 2013, the IASB discussed the mandatory effective date of the amendments to IFRS 11. The IASB tentatively decided that the mandatory

effective date of the amendments should be 1 January 2015 (see *IASB Update November 2013*).¹

5. This decision was taken on the basis that the final amendments to IFRS 11 will be issued in the first quarter of 2014 (for further details see paragraphs 16–18 of Staff Paper 12B for the November 2013 IASB meeting).²
6. During the balloting process, however, two sweep issues were identified by IASB members and discussed by the IASB at its meeting in January 2014. At that meeting, the IASB tentatively decided that:
 - (a) the amendments to IFRS 11 should clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while retaining joint control; and
 - (b) a scope exclusion should be added to specify that the amendments to IFRS 11 do not apply when the parties sharing joint control, including the reporting entity, are under the common control of the same ultimate controlling party.³
7. At the time when these tentative decisions were taken, we still expected that the final amendments will be issued in the first quarter of 2014.
8. The further work that we have done as part of the balloting process since the January 2014 IASB meeting however showed that we will not issue the final amendments to IFRS 11 in the first quarter of 2014. Instead, we expect to issue the final amendments to IFRS 11 in the second quarter of 2014.
9. In order to give jurisdictions sufficient time to incorporate the new requirements into their legal systems and those applying IFRS sufficient time to prepare for the new requirements, we propose to change the mandatory effective date for the amendments to IFRS 11 from 1 **January** 2015 to 1 **July** 2015.

¹ <http://media.ifrs.org/2013/IASB/November/IASB-Update-November-2013.pdf>

² <http://www.ifrs.org/Meetings/Pages/IASB-Nov-13.aspx>

³ <http://media.ifrs.org/2014/IASB/January/IASB-Update-January-2014.pdf>

Question for the IASB

Does the IASB agree with the staff's recommendation to amend the mandatory effective date of the amendments to IFRS 11 to 1 July 2015?