

Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12

Emerging Economies Group Meeting

Agenda Paper 9
30 November-1 December 2020

Project	Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12		
Paper topic	Request for feedback on matters identified in phase 1		
Contacts	Filippo Poli	fpoli@ifrs.org	+44 (0) 20 7246 6959
	Zhen Xu	zxu@ifrs.org	+44 (0) 20 7246 6477

A grayscale world map is the background for the slide. Overlaid on the map are several thick, light gray curved lines that sweep across the continents. A network of thin, dotted lines is also visible, connecting various points across the map, suggesting a global network or data flow.

Introduction

Purpose of this session

Agenda ref 9

Objective

Introduce matters to be examined further in the Request for Information on the Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*.

Purpose

To receive feedback from EEG members on the matters to be examined further in the Request for Information.

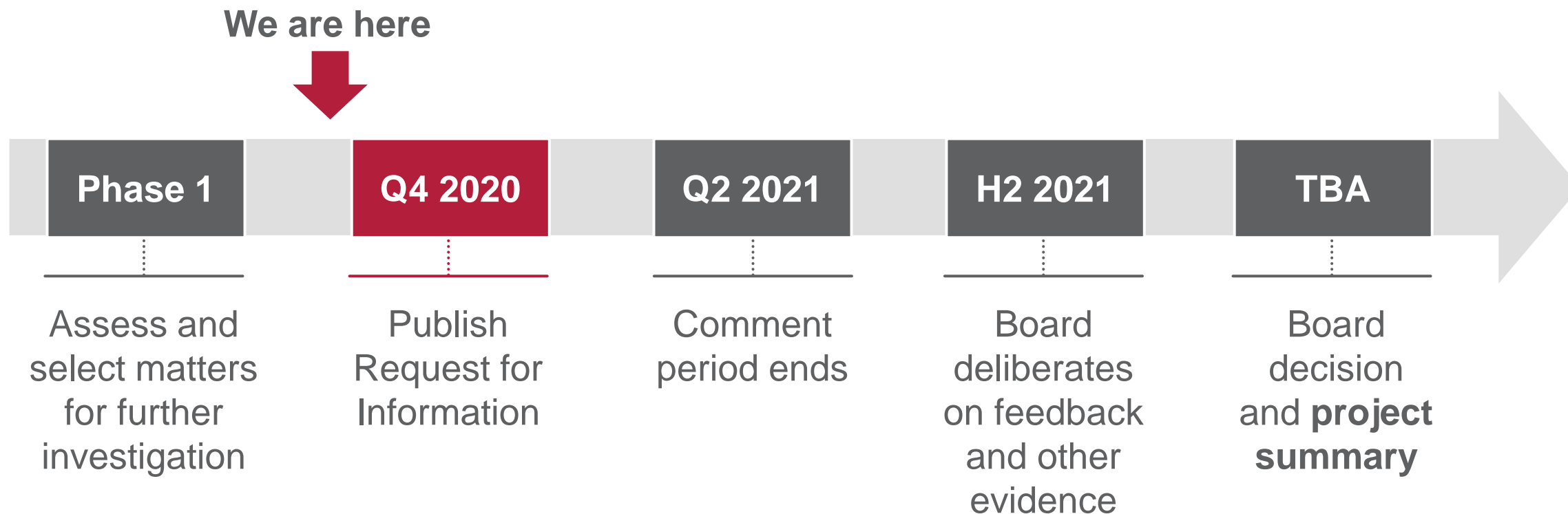
Feedback

In providing feedback it would be helpful if EEG members:

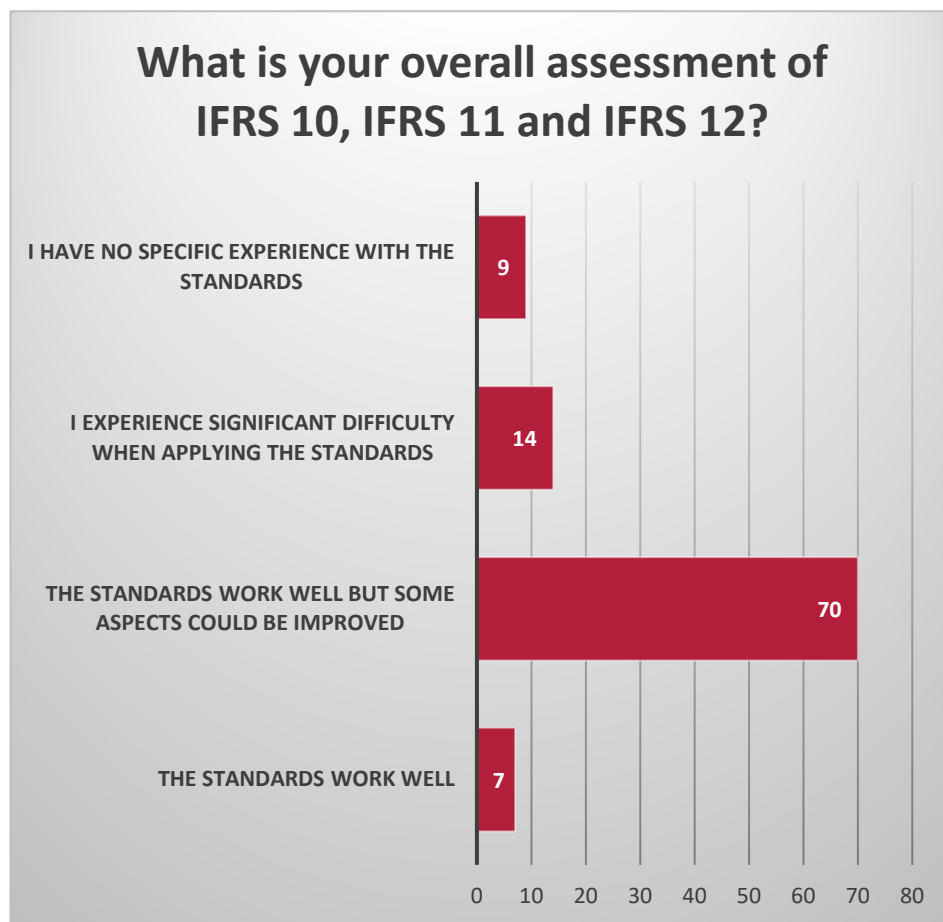
- provide specific details
- identify any additional support the International Accounting Standards Board could consider providing stakeholders applying IFRS 10, IFRS 11 and IFRS 12.

Timeline of the Post-implementation Review

Agenda ref 9



Project outcome The Board could decide to add a standard-setting project to its agenda, consider one or more matters further as part of its research programme, or both. The Board could also decide to take no action.





Matters to be examined in the Request for Information

1 Rights that give an investor power over an investee

2 Control without a majority of voting rights

3 Classifying joint arrangements

4 Collaborative arrangements

5 Accounting for interests in joint operations

6 IFRS 12

1 Rights that give an investor power over an investee

Agenda ref 9

Feedback

Assessing whether rights are **protective** is challenging. Can the guidance on how an investor **assesses** its own rights and rights of other parties be improved?

Appointment of key management personnel

Disposal of significant assets

Entering or exiting new markets

Agreeing financing arrangements

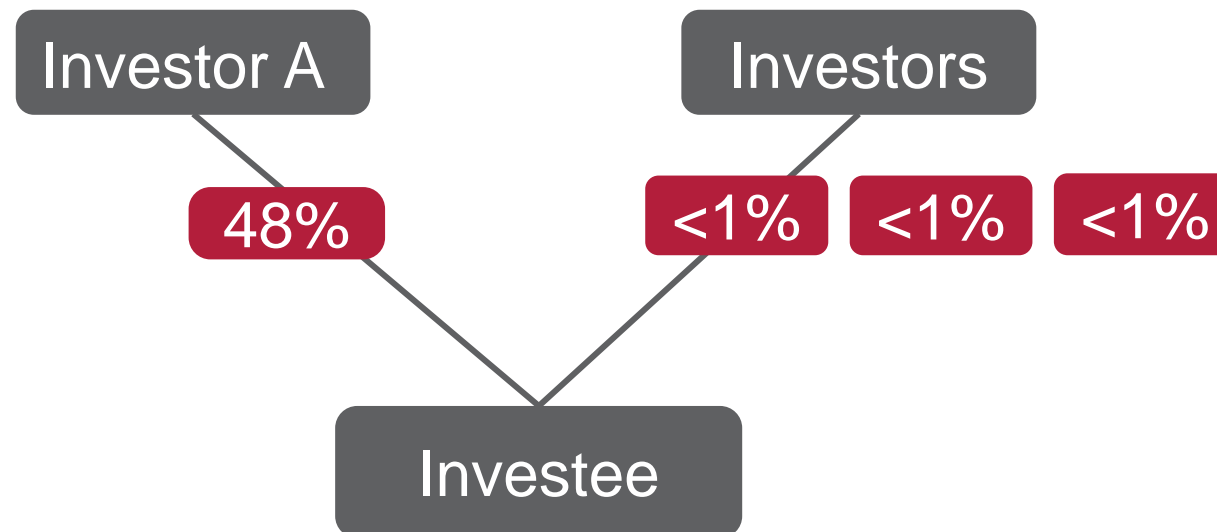
Appointment of board members, in case of breach of covenant

Approval of remuneration for key management personnel

Control without a majority of voting rights

Feedback

Judgment is required to assess whether an investor has the **practical ability** to direct the investee's relevant activities because of the **size** of the investor's shareholding relative to the size and **dispersion** of the other shareholdings.



Question**Rights that give an investor power over an investee**

Are you aware, in your jurisdiction, if the assessment of whether rights are protective is challenging?

If so, what is the nature of the protective rights.

Question**Control without the majority of voting rights**

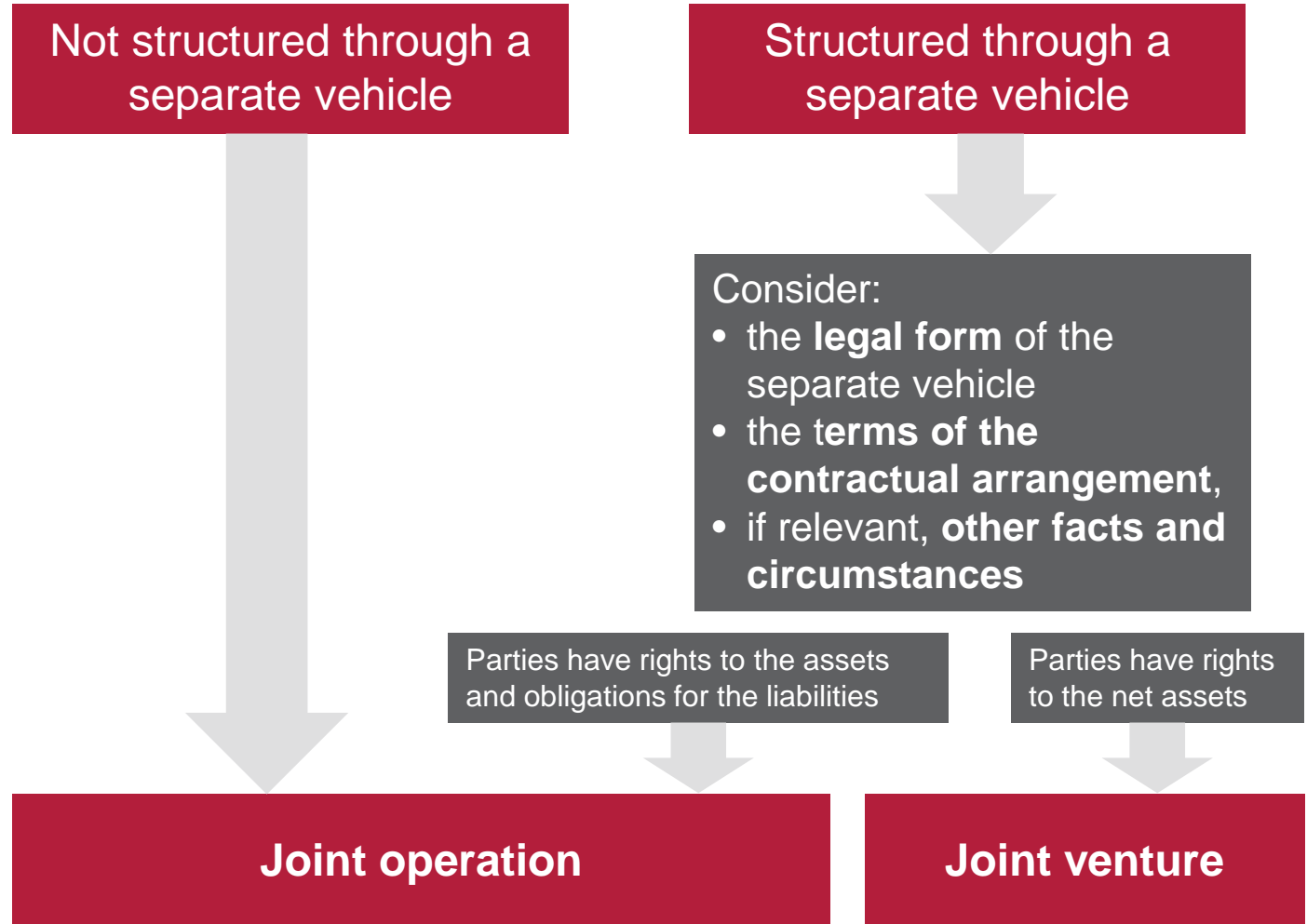
Are you aware how frequently an investor in your jurisdiction needs to assess if it controls an investee without the majority of voting rights?

Is there any evidence of investors reaching inconsistent outcomes when making the assessment in your jurisdiction?

Classifying joint arrangements

Feedback

Classifying some joint arrangements requires significant judgement.



Question

Classifying joint arrangements

In your jurisdiction how frequently does a party to a joint arrangement have to classify a joint arrangement based on other facts and circumstances after having considered the legal form and the contractual agreement?

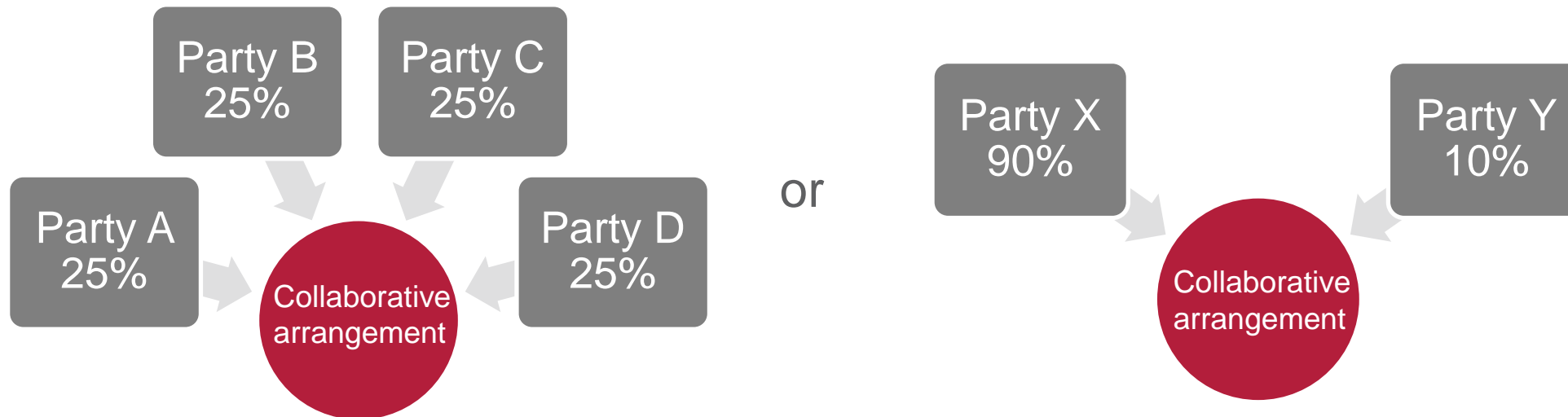
Are you aware of there other factors that are relevant to the classification when an investor determines the classification of a joint arrangement that are not included in IFRS 11?

4 Collaborative arrangements outside the scope of IFRS 11

Agenda ref 9

Feedback

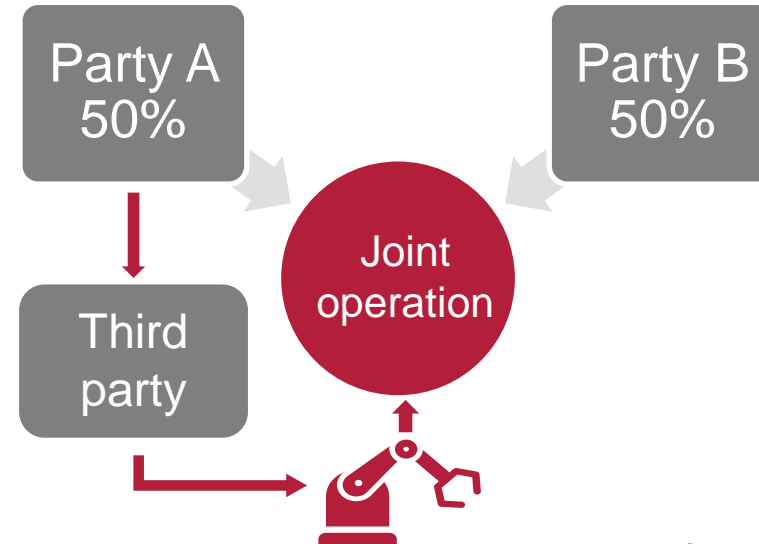
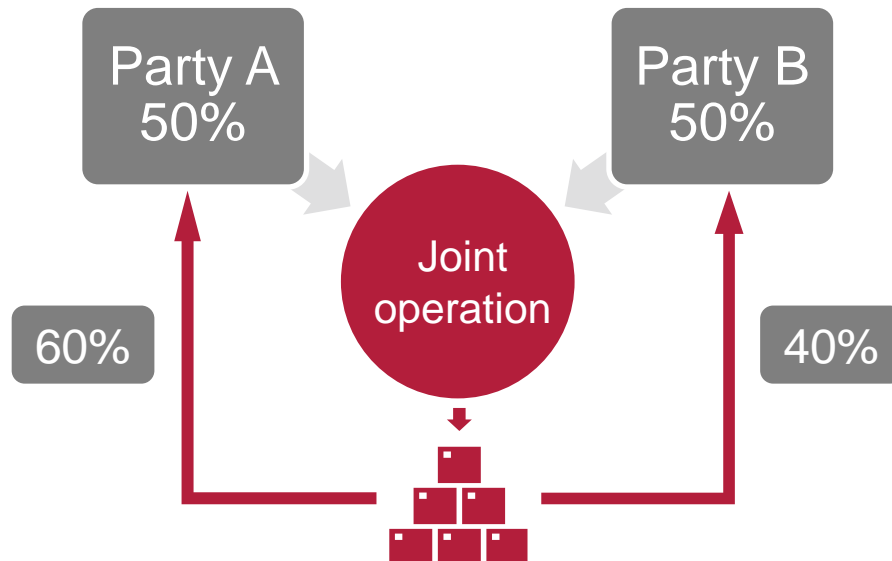
IFRS Standards do not provide sufficient requirements on how to account for all collaborative arrangements – such as, arrangements in which two or more parties manage activities together but do not have **joint control**.



Accounting for interests in joint operations

Feedback

IFRS Standards do not provide sufficient requirements on how to apply joint operation requirements in all situations, for example when an operator's **share of output** differs from the ownership share.



Question**Collaborative arrangements outside the scope of IFRS 11**

How widespread are collaborative arrangements that do not meet the IFRS 11 definition of 'joint arrangement' because the parties to the arrangement do not have joint control in your jurisdiction?

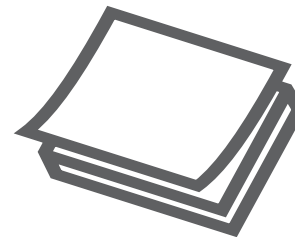
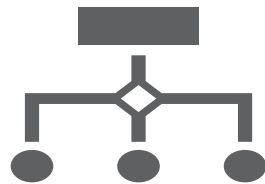
Are you aware how entities that apply IFRS Standards account for such collaborative arrangements? Is the accounting a faithful representation of the arrangement and why?

Question**Accounting for interests in joint operations**

Are you aware of situations in your jurisdictions in which applying the requirements in IFRS 11 does enable a party to a joint operation to report a joint operator's assets, liabilities, revenue and expenses in a relevant and faithful manner?

Feedback

There were relatively few comments on IFRS 12 requirements and feedback was mixed—some stakeholders called for additional disclosures while others argued that the disclosure requirements are excessive.



Question

Given the objectives of IFRS 12, do you consider that there are missing requirements or requirements that are not needed to meet the objectives?

Other matters in the Request for Information

Agenda ref 9

- Identifying relevant activities of an investee
- Assessing if a decision maker acts as a principal or as an agent
- Identifying non-contractual agency relationships
- Identifying an investment entity (IEs)
- Gaps in the Standards requirements on changes in ownership interests
- Partial acquisition of a subsidiary that does not constitute a business
- Accounting for subsidiaries of an IE that are IEs themselves

Question

Do you have feedback on the other matters in the Request for Information?

Find us online



www.ifrs.org



IFRS Foundation | International Accounting Standards Board



@IFRSFoundation



IFRS Foundation



IFRS Foundation

Join our team: go.ifrs.org/careers