



IFRS® Foundation

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

Global Preparers Forum Meeting

Agenda paper 3
12 March 2021

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A grayscale world map is centered on the Atlantic Ocean, showing the continents of North America, South America, Europe, Africa, and Australia. The map is overlaid with a grid of dotted lines representing latitude and longitude. Three thick, curved, light-gray bands sweep across the map from the bottom left towards the top right, partially obscuring the map's details.

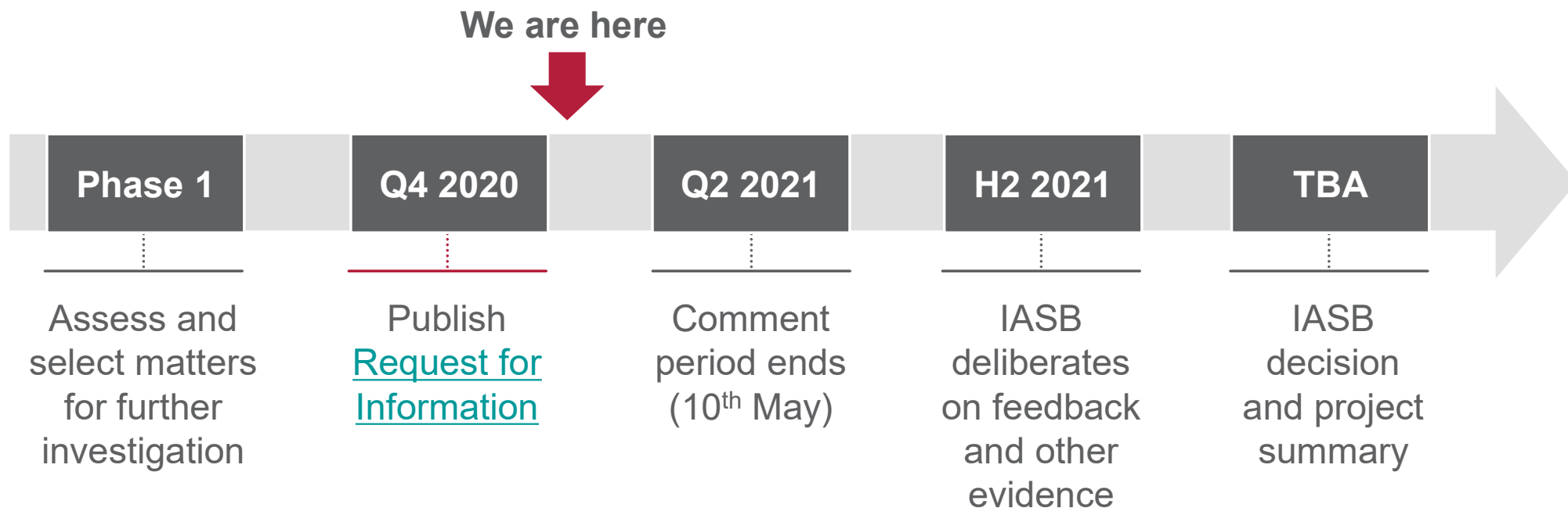
Introduction

Purpose of this session

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GPF members are asked to share their initial views on the matters being examined 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*.

Timeline of the Post-implementation Review



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

Content

- 1 Rights that give an investor power over an investee
- 2 Control without a majority of the voting rights
- 3 Assessing if a decision maker acts as a principal or as an agent
- 4 Collaborative arrangements outside the scope of IFRS 11
- 5 Classifying joint arrangements
- 6 Accounting requirements for joint operations

* More detailed presentation of these six matters is due to time constraint of the meeting. The other matters on page 14 are of the same importance at this stage of the review.

Rights that give an investor power over an investee

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

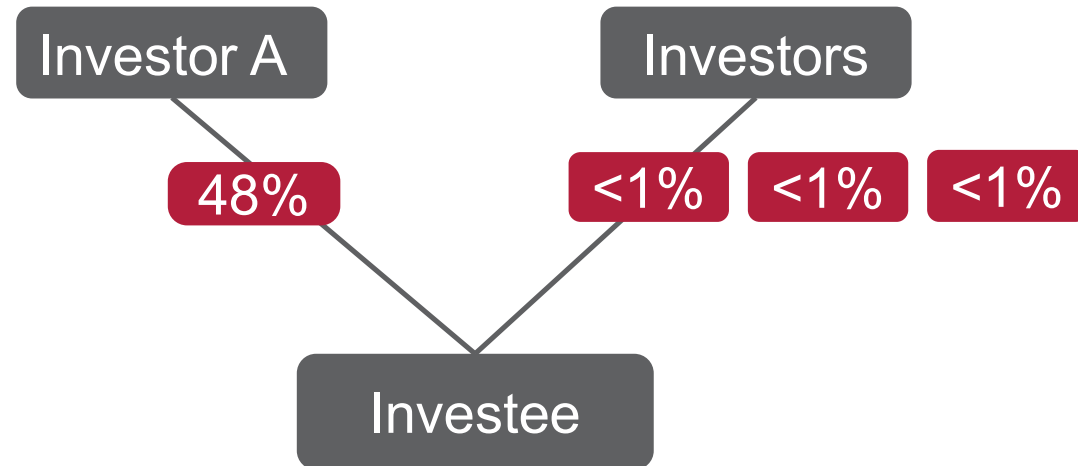
Approval of remuneration for key management personnel

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Control without a majority of the 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.



Assessing if a decision maker acts as a principal or an agent

Feedback

Judgment is required to assess whether a decision maker's exposure to **variability of returns** is consistent with being an agent

Scope of investor's
decision-making
authority over the
investee

Rights held by other
parties

Remuneration
agreement(s)

Decision maker's
exposure to
variability of returns
from other interests
it holds in the
investee

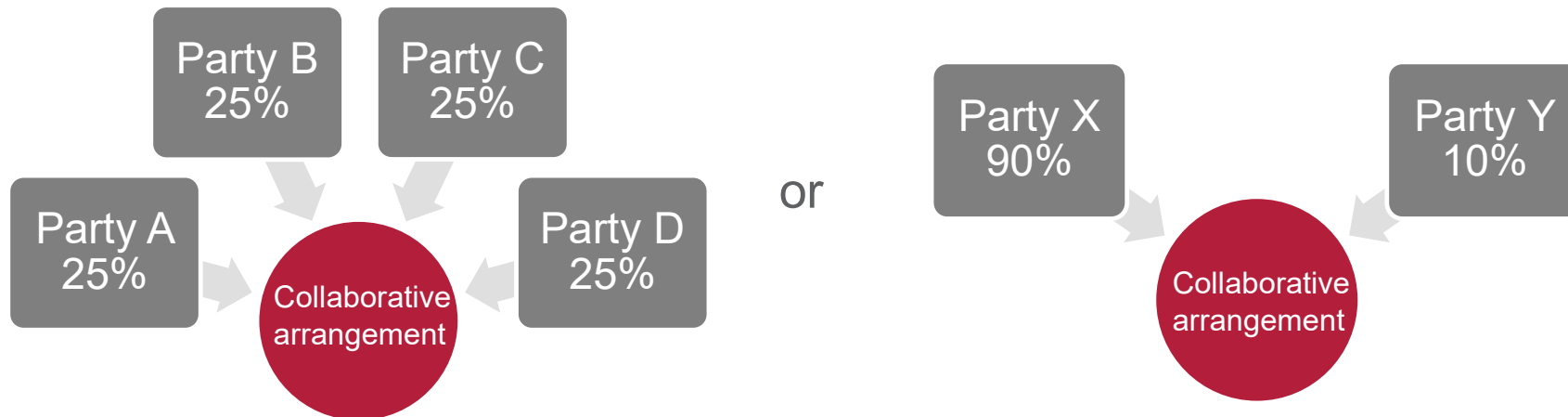
Weightings shall be applied to each factor based on facts and circumstances

4

Collaborative arrangements outside the scope of IFRS 11

Feedback

IFRS Standards do not provide sufficient requirements for all types of collaborative arrangements, such as arrangements in which two or more parties manage activities together but do not have **joint control**

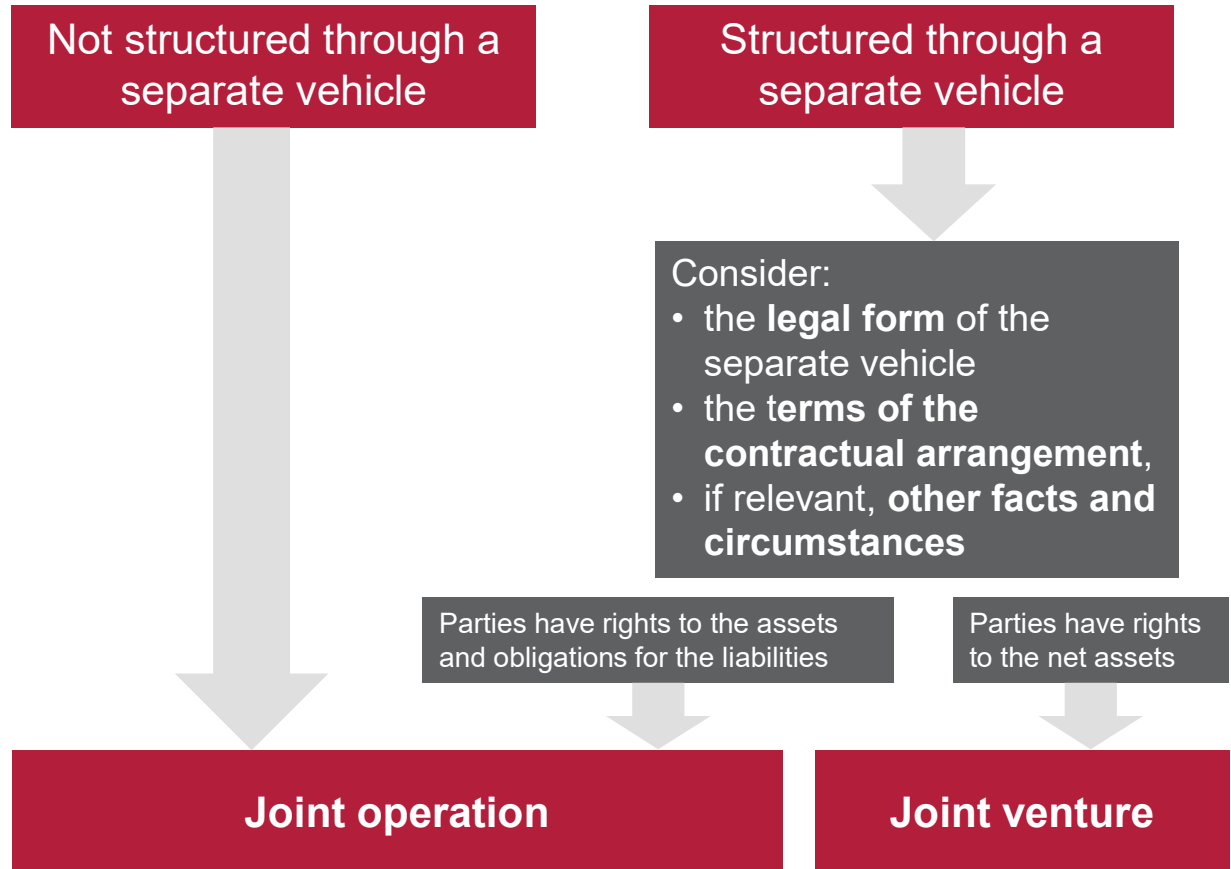


5

Classifying joint arrangements

Feedback

Classifying some joint arrangements requires significant judgement.

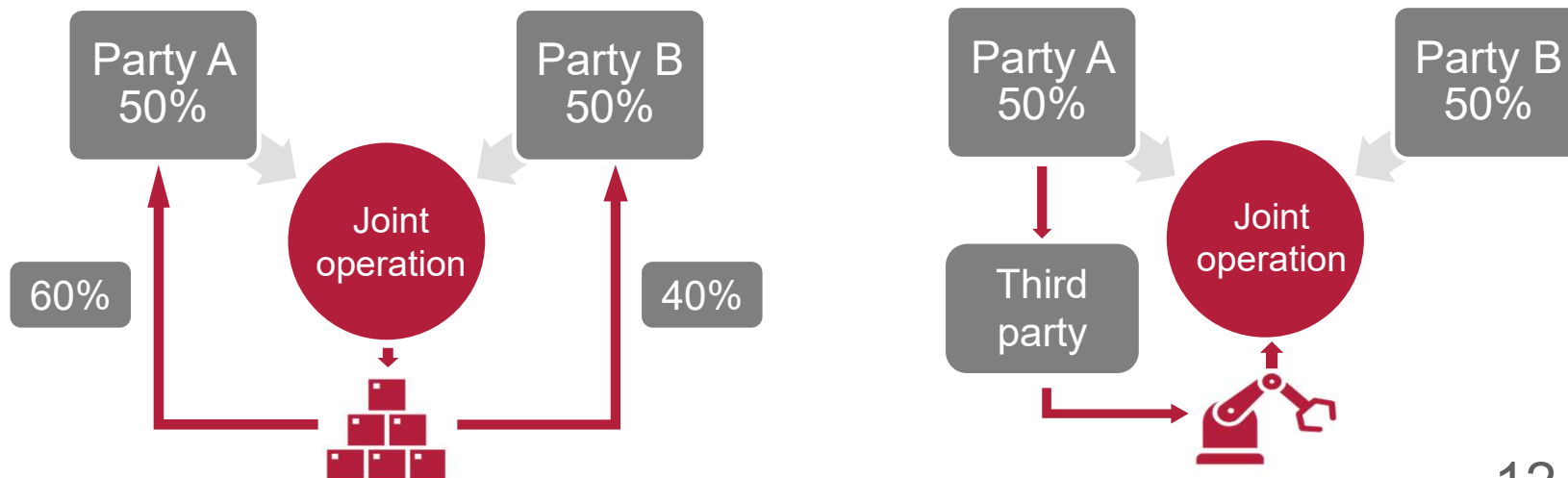


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Accounting requirements for joint operations

Feedback

Further guidance is requested on accounting for joint operations in some situations, for example, when joint operators are committed to buying a share of output that differs from their share of ownership in the joint operation



Other matters in the Request for Information

- Identifying relevant activities of an investee
- Identifying non-contractual agency relationships
- Gaps in the Standards requirements on changes in the relationship between an investor and an investee
- Partial acquisition of a subsidiary that does not constitute a business
- Identifying an investment entity
- Accounting for subsidiaries of an investment entity that are investment entity's themselves
- IFRS 12 disclosure requirements

Question

Question

What are GPF members initial views on the matters being examined in the Request for Information?

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