

## STAFF PAPER

November 2021

## IASB® Meeting

<b>Project</b>	<b>Post-implementation Review of IFRS 10 <i>Consolidated Financial Statements</i>, IFRS 11 <i>Joint Arrangements</i> and IFRS 12 <i>Disclosure of Interests in Other Entities</i></b>		
<b>Paper topic</b>	Responding to the feedback		
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## Background

1. At its meeting in July 2021, the International Accounting Standards Board (Board) discussed the feedback summary on the Request for Information *Post-implementation Review of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities* (Request for Information). The feedback summary, from the July 2021 meeting, is reproduced as agenda papers 7A and 7B for this meeting.
2. This paper is the second of the two papers considering which, if any, topics the Board could consider further following the Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12 (Post-implementation Review).
3. The Board is undertaking its Third Agenda Consultation to determine its 2022 to 2026 work plan. Given the timing of the feedback from the Post-implementation Review, the Board will decide which, if any, topics to consider further together with the outcome of the Third Agenda Consultation.

## Purpose of the paper

4. The purpose of this paper is for the Board to:
  - (a) conclude which, if any, topics it could consider further;
  - (b) decide whether sufficient work has been completed to conclude the Post-implementation Review; and
  - (c) approve that the staff prepare the Report and the Feedback Statement on the Post-implementation Review.

## Staff recommendations

5. The staff recommend, in developing its work plan for 2022 to 2026 as part of the Third Agenda Consultation, the Board considers:
  - (a) a project to assist the application of IFRS 10 and IFRS 11 as a medium priority:
    - (i) the relationship between substantive rights and protective rights;
    - (ii) change in relevant activities during the life-cycle of an investee;
    - (iii) assessing non-contractual agency relationships; and
    - (iv) accounting for disproportionate share of output compared to share of ownership.
  - (b) a project on the disclosure of interest in other entities as a low priority.

## Structure of the paper

6. This paper is structured as follows:
  - (a) the Board's decision to date (paragraphs 7–11);
  - (b) topics recommended the Board considers further:
    - (i) assisting the application of IFRS 10 and IFRS 11 (paragraphs 12–55);
    - (ii) disclosure of interests in other entities (paragraphs 56–62); and
  - (c) topics it is not recommended the Board considers further (paragraphs 63–64);

- (d) work done so far (paragraphs 65–68);
- (e) next step (paragraph 69);
- (f) questions for the Board;
- (g) Appendix A—Criteria for recommending which topics the Board considers further.
- (h) Appendix B—Summary of questions in the Request for Information and the Board’s responses.

### **Board’s decisions to date**

7. At its meeting in October 2021, the Board decided the Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12 provides sufficient evidence;
- (a) to conclude that IFRS 10, IFRS 11 and IFRS 12 are working as intended; and
  - (b) that in developing its work plan for 2022 to 2026, as part of the Third Agenda Consultation, it would consider further:
    - (i) high priority topics:
      - 1. investment entities—subsidiaries that are investment entities; and
      - 2. collaborative arrangements outside the scope of IFRS 11.
    - (ii) medium priority topics:
      - 1. investment entities—definition of an investment entity; and
      - 2. corporate wrapper.
    - (iii) low priority topics:
      - 1. transactions that change the relationship between an investor and an investee.
8. Agenda paper 7 of the October 2021 meeting considered possible further actions on questions 4, 5, 6, 10 of the Request for Information. At this meeting the Board is asked to consider further actions, if any, on questions 2, 3, 7, 8 and 9 of the Request for

Information. Appendix B of this agenda paper provides a summary of the questions in the Request for Information and the possible responses of the Board, if any.<sup>1</sup>

9. This agenda paper identifies the topics (potential projects) for the Board to decide whether to take further action. It is not intended for the Board to discuss in detail the potential projects.
10. In assessing the priority of topics the staff have considered the feedback on the Request for Information, outreach activities and additional research. Consequently, the priority rating is within the context of the Post-implementation Review.
11. The criteria for recommending which, if any, topics to consider further was discussed at the October 2021 Board meeting. For information the criteria is set out in Appendix A of this agenda paper.

## **Topics recommended the Board considers further**

### ***Assisting the application of IFRS 10 and IFRS 11***

12. Questions 2, 3, 7 and 8 of the Request for Information share a common feature, in that applying the requirements in IFRS 10 and IFRS 11 related to these questions can require the exercise of judgement. The extent of judgement required depends on the complexity of the transaction and can sometimes be significant. For example, assessing control is sometimes complex because of the disparity of an investee's ability to control and how economic returns are shared.
13. Overall respondents to questions 2, 3, 7 and 8 of the Request for Information agreed that the requirements in IFRS 10 and IFRS 11 enable an entity to assess control, joint control and the classification of joint arrangements. Furthermore, many respondents to the Request for Information acknowledged the need for judgment and highlighted that in complex arrangements applying judgement and making the decision itself, can be challenging.

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<sup>1</sup> The Request for Information can be accessed [here](#).

14. However, respondents to the Request for Information asked for additional guidance to support the application of judgement when applying the Standards. Some 15 subtopics were summarised from the feedback on the Request for Information including:
- (a) IFRS 10—assessing control:
    - (i) identifying relevant activities when:
      - 1. more than two investors simultaneously have the ability to direct different activities of an investee;
      - 2. relevant activities of an investee change during the life-cycle of the investee; and
      - 3. an investee is a structured entity.
    - (ii) assessing rights that give an investor power including:
      - 4. assessing whether rights held by a franchisor in a franchisee are protective;
      - 5. assessing whether veto rights give an investor power;
      - 6. assessing whether lender’s rights are protective;
      - 7. assessing whether potential voting rights are substantive; and
      - 8. the relationship between protective rights and substantive rights.
    - (iii) assessing control without a majority of the voting rights including:
      - 9. whether there is a size of voting rights that is compatible with control without a majority of the voting rights; and
      - 10. how an entity considers the historical voting pattern.
    - (iv) assessing agency relationships, in particular:
      - 11. assessing the variability of returns; and
      - 12. assessing if a non-contractual agency relationship exists.
  - (b) IFRS 11—classifying joint arrangements, in particular:
    - 13. assessing other facts and circumstances when classifying joint arrangements.

- (c) IFRS 11—accounting for joint operations, in particular:
14. accounting for disproportionate share of output compared to ownership; and
  15. liabilities arising from a contract signed by a joint operator on behalf of a joint operation.
15. The requests for guidance related to three areas: assessing control, classifying joint arrangements and accounting for joint operations. Rather than addressing the individual requests (subtopics) for additional guidance the staff think the Board could consider combining the subtopics and decide whether to address them as a single project—assisting the application of IFRS 10 and IFRS 11.
16. Combining the subtopics into a single possible project would be efficient, and cost beneficial, for both the Board and stakeholders. Combining the subtopics would allow the Board to address the subtopics in a consistent manner and avoid the Board addressing ‘ad hoc’ questions. Stakeholders would be able to evaluate the Board’s proposals in a single due process document, should the Board decide to publish a due process document.

*Which requests could be included in an assisting the application of IFRS 10 and IFRS 11 project?*

17. The staff think it would be impractical for the Board to attempt to address all 15 subtopics as part of a possible project to assist the application of IFRS 10 and IFRS 11. Furthermore, the 15 requests vary in frequency (pervasiveness) and significance. To recommend, if the Board should consider a project on assisting application, the following sources of information have been analysed:
- (a) feedback on questions 2, 3, 7 and 8 of the Request for Information.
  - (b) outreach activities on relevant topics.
  - (c) additional information requested from IFASS members and accounting firms regarding the frequency and significance of the 15 subtopics. The staff asked IFASS members and accounting firms to share their views on the priority of the subtopics. The staff took into consideration the feedback on the priority and combined it with other evidence from (a) and (b).

18. Based on the analysis the staff recommend the Board includes in a possible project on assisting the application of IFRS 10 and IFRS 11:
- (a) the relationship between substantive rights and protective rights (paragraphs 20–26);
  - (b) changes in the relevant activities during the life-cycle of an investee (paragraphs 27–31);
  - (c) assessing non-contractual agency relationships (paragraphs 32–37); and
  - (d) accounting for disproportionate share of output compared to share of ownership (paragraphs 38–42).
19. Paragraphs 43–49 of this agenda paper provide the rationale for those subtopics it is not recommended the Board include in a possible project of assisting application of IFRS 10 and IFRS 11.

***The relationship between substantive rights and protective rights (subtopic 8)***

20. The feedback on the Request for Information for this subtopic is summarised in paragraph 36 of agenda paper 7A.
21. Three respondents to the Request for Information said they observed a common misinterpretation of IFRS 10 requirements that protective rights are equal to non-substantive rights; and substantive rights are equal to non-protective rights. In addition to the feedback on the Request for Information the staff recommend this subtopic be included in a possible project because:
- (a) the misinterpretation arose frequently in outreach activities;
  - (b) clarifying the relationship between protective rights and substantive rights could improve consistent application of the requirements; and
  - (c) the relationship between protective rights and substantive rights could be clarified through a narrow-scope amendment to IFRS 10.
22. Paragraphs B22–B25 of IFRS 10 require an entity to consider only substantive rights relating to an investee (held by the investor and others) in assessing whether it controls

the investee. Paragraphs B26–B28 of IFRS 10 require an entity to assess whether its rights, and rights held by others, are protective rights.

23. Paragraph B22 of IFRS 10 states that for a right to be substantive, the holder must have the practical ability to exercise that right. Protective rights are defined in IFRS 10 as rights designed to protect the interest of a party holding those rights without giving that party power over the entity to which those rights relate. However, the Basis for Conclusion on IFRS 10 does not set out the relationship between substantive rights and protective rights.
24. In some circumstances, there could be a protective right that is substantive, for example, Grant Thornton International Ltd commented:

...a right that gives the holder the power to veto a decision for merging the entity with another for instance might be a protective right, but in other circumstances it might be considered a substantive right if the holder has the ability to effectively block such a decision when a merger is planned.
25. The staff think misinterpretation of the requirements could result in unintended consequences, for example, a non-protective right can be assessed as substantive without assessing whether an investor has the practical ability to exercise the right.
26. Given this analysis, the staff recommend the Board considers clarifying the relationship between substantive rights and protective rights.

***Change in relevant activities during the life-cycle of an investee (subtopic 2)***

27. The feedback on the Request for Information on this subtopic is summarised in paragraphs 12–16 of agenda paper 7A.
28. Some respondents said when different relevant activities of an investee occur at different stages of an investee’s life-cycle and two or more parties have the unilateral ability to direct different relevant activities it is not clear if the activities that most significantly affect the investee’s returns are identified by:
  - (a) considering the relevant activities over the entire life of the entity; even if the entity has different stages during its lifecycle; or

- (b) considering each stage of the entity's lifecycle separately, noting that only some activities are relevant at a particular stage.
29. Paragraph B13 of IFRS 10 requires an entity to assess, in such situations, which investor is able to direct the activities that most significantly affect the returns. Application example 1 in paragraph B13 of IFRS 10 sets out various aspects the investor needs to consider.
30. The staff recommend this topic being included in a possible project on assisting application because:
- (a) clarifying how relevant activities that most significantly affect the returns are identified would remove the divergent views in paragraphs 28(a) and 28(b) of this agenda paper and thereby improve consistent application of the requirements; and
  - (b) the Board would need only to clarify which approach in paragraph 28 of this agenda paper is required.
31. Given this analysis, the staff recommend the Board considers further clarifying how relevant activities that most significantly affect the returns are identified when the relevant activities change during the life-cycle of an investee.

***Assessing non-contractual agency relationships (subtopic 12)***

32. The feedback on the Request for Information on this subtopic is summarised in paragraphs 57–60 of agenda paper 7A.
33. Respondents to the Request for Information requested additional guidance to help an investor assess whether it controls an investee because another party acts as a de facto agent, for example, a sister company of an investor who holds an interest in an investee could act as a de facto agent of the investor.
34. Paragraph B73 of IFRS 10 requires an investor to consider the nature of the relationship with other parties and whether those other parties are acting on the investor's behalf. Paragraph B75 of IFRS 10 sets out examples of other parties that might act as de facto agents, for example, the investor's related parties. However, the Board noted in paragraph BC146 of Basis for Conclusion on IFRS 10, that it would be inappropriate to assume that

all other parties listed in paragraph B75 of IFRS 10 would always or never act for the investor.

35. In requesting additional guidance respondents asked what factors to consider in assessing whether another party (or parties) is acting on behalf of an investor when there is no contractual agreement. For example, when assessing the relationship with an investor's related party, what factors does an entity consider?
36. The staff think that the factors for an entity to consider might vary for different parties, for example an investor's related party or a party that has a close business relationship with an investor. However, the staff think providing factors an entity could consider would assist entities to apply judgement when assessing whether another party is acting on behalf of an investor.
37. Given this analysis, the staff recommend the Board provides additional factors for an investor to consider when assessing whether it controls an investee because another party acts as a de facto agent.

***Accounting for disproportionate share of output compared to share of ownership (subtopic 14)***

38. The feedback on the Request for Information on this topic is summarised in paragraphs 27–28 of agenda paper 7B.
39. Many respondents said it is not clear how IFRS 11 requirements should be applied in the situation that a joint operator's share of output purchased differs from its share of ownership interest in the joint operation. Respondents asked:
  - (a) for the basis on which a joint operator determines its share of jointly held assets and jointly incurred liabilities; and
  - (b) how an entity accounts for a difference between the amount of assets and liabilities initially recognised and the equity that was contributed initially.
40. The IFRS Interpretations Committee (Interpretations Committee) issued an Agenda Decision *IFRS 11 Joint Arrangements—Accounting by the joint operator: the accounting treatment when the joint operator's share of output purchased differs from its share of ownership interest in the joint operation* in March 2015. The Agenda Decision states that it is important to understand why the share of the output purchased differs from the

ownership interests in the joint operation and judgement will therefore be needed to determine the appropriate accounting.

41. Respondents asked what factors a joint operator considers in determining the appropriate accounting in such situations. To address this topic it would be necessary for the Board to first identify reasons for why the share of output a joint operator is committed to purchase differs from the ownership interests in the joint operation. Identifying these reasons should enable the Board to determine common features for an entity to consider when a joint operator's share of output purchased differs from its share of ownership interest in the joint operation. The Board should then be able to assess whether the current accounting faithfully represents the rights and obligations arising from the arrangements. And if necessary, standard-setting could be undertaken to assist entities in such situations.
42. Given this analysis, the staff recommend the Board considers further identifying common features of joint operations in which a joint operator's share of output purchased differs from its share of ownership interest in the joint operation so as to assist an entity in such situations.

***Subtopics that the staff do not recommend the Board considers further***

43. The staff do not recommend the Board considers the remaining subtopics in paragraph 14 of this agenda paper for the following reasons:
  - (a) the relevant issue does not arise frequently (paragraph 44);
  - (b) the benefit of additional requirements would not exceed the cost (paragraphs 44–45); or
  - (c) some respondents requested additional examples while other respondents were concerned about the unintended consequences of additional examples in the Standards (paragraph 46).
44. In relation to subtopics that do not arise frequently, it was noted that the challenges referred to by respondents arise primarily because of the complexity of the transactions and thereby relate to specific facts and circumstances. Adding or clarifying requirements to the Standards to address complex transactions that do not arise frequently could trigger reassessments of whether an entity controls another entity or the classification of joint

arrangements. Given that respondents generally agreed that the Standards enable an entity to make relevant decisions, including the assessment of control, joint control and classification of joint arrangements, the benefit of amending or adding requirements to address such transactions may not exceed the cost of implementing amended or new requirements.

45. The Board also needs to consider the cost and allocation of resources of standard-setting activities; that is the cost of developing additional requirements to address specific transactions or particular facts and circumstances might not exceed the benefit because the requirements would address a limited number of transactions or facts and circumstances.
46. Some respondents requested additional application examples in the Standards to help apply the requirements in specific and complex circumstances. The staff agree that application examples are helpful for an entity to understand how to apply the requirements. However, introducing more examples, especially complex examples, may not be beneficial because:
  - (a) examples can only reflect particular fact and circumstances;
  - (b) developing complex examples that apply only to a limited number of real-life identical transactions is not an efficient use of the Board or stakeholder's resources;
  - (c) it is impractical for the Board to construct examples that can capture all the facts and circumstances; and
  - (d) the feedback on the Request for Information included concerns that implicit 'bright lines' have been developed in practice based on examples in the Standards; this was not the Board's intention when it developed those examples.
47. Table 1 sets out the subtopics that the staff do not recommend the Board considers further action and the rationale.

**Table 1 — Subtopics not recommended and the rationale**

No.	Subtopics not recommended	Rationale as stated in paragraph 43 of this agenda paper
1	Identifying relevant activities when more than two investors simultaneously have the ability to direct different activities of an investee	(a), (b)
3	Identifying relevant activities when an investee is a structured entity	(a), (b)
4	Assessing whether rights held by a franchisor in a franchisee are protective	(a)
5	Assessing whether veto rights are protective	(a), (b)
6	Assessing whether lender's rights are protective	(a), (b)
7	Assessing whether potential voting rights are substantive	(b)
9	Whether there is a size of voting rights that is compatible with control without a majority of the voting rights	(a), (c)
10	How an entity considers the historical voting pattern when assessing control without a majority of the voting rights	(a), (b)
11	Assessing variability of returns when assessing an agency relationship	(b), (c)
13	Assessing other facts and circumstance when classifying joint arrangements	(a), (b)
15	Liabilities arising from a contract signed by a joint operator on behalf of a joint operation (paragraphs 48–49)	(b)

48. An Agenda Decision *Liabilities in relation to a Joint Operator's Interest in a Joint Operation (IFRS 11 Joint Arrangements)* was issued in March 2019 in relation to subtopic 15 which states that the liabilities a joint operator recognises include those for which it has primary responsibility. In the Post-implementation Review, many stakeholders expressed concern on the effect of this Agenda Decision.

49. The staff noted this subtopic has arisen following the implementation of IFRS 16 *Leases*. The timing of the Request for Information coincided with the implementation of this Agenda Decision for many preparers. The staff think, rather than addressing this subtopic now, it would be better for the Board to consider this topic in a future Post-implementation Review of IFRS 16.

*Staff's assessment of a possible project on assisting application of IFRS 10 and IFRS 11*

50. The following section assesses a possible project—assisting the application of IFRS 10 and IFRS 11 against the criteria set out in Appendix A of this agenda paper.

### *Scope*

51. The scope of the assisting the application of IFRS 10 and IFRS 11 project depends on the subtopics that the Board decides to take further action on. However, the staff think for each of the subtopics, the scope of the standard-setting activity would be small because:
- (a) the Board does not need to discuss the principles embedded in the requirements, for example, what are relevant activities and why an entity identifies relevant activities as part of a control assessment; and
  - (b) there are a limited number of alternatives the Board can consider in deciding how to assist application, such as:
    - (i) narrow-scope amendments to the Standards;
    - (ii) providing additional application examples; or
    - (iii) providing educational materials.

### *Pervasiveness and acuteness*

52. The pervasiveness and acuteness varies for each of the subtopics. The subtopics the staff recommend being included in a project of assisting the application of IFRS 10 and IFRS 11 are considered to arise frequently, based on the feedback to the Request for Information, the outreach and additional information request to IFASS members and accounting firms.
53. However, the staff think these subtopics are not acute enough for the Board to take immediate action because many respondents told us that generally the requirements of IFRS 10 and IFRS 11 enable an entity to make the relevant decisions.

### *Possible effect of standard-setting activities*

54. The staff think clarifying how an entity applies particular requirements of IFRS 10 and IFRS 11 would improve consistent application of the Standards.

*Priority consideration*

55. Given the analysis, the staff recommend, while developing its work plan for 2022 to 2026 as part of the Third Agenda Consultation, the Board considers a project on assisting the application of IFRS 10 and IFRS 11 addressing subtopics in paragraphs 18 of this agenda paper as a medium priority.

***Disclosure of interests in other entities***

56. The respondents to question 9 of the Request for Information said the IFRS 12 disclosure requirements enable an entity to meet the disclosure objective of IFRS 12. However, users of financial statements identified additional information they believe should be disclosed.
57. The feedback to question 9 of the Request for Information was summarised in paragraphs 34 to 50 of agenda paper 7B.

*Scope*

58. Considering the overall satisfaction on the information provided applying IFRS 12, the scope of a project would be narrow and focus on assessing whether additional information would be beneficial to meet the disclosure objectives of IFRS 12 whilst assessing the cost and benefit of providing that additional information.

*Pervasiveness and acuteness*

59. Many users, both via comment letters and outreach activities, said that additional information would be helpful for them to understand an entity's interests in other entities. The information requested includes:
- (a) significant judgements and assumptions;
  - (b) subsidiaries with material non-controlling interests;
  - (c) unconsolidated structured entities;
  - (d) information on joint ventures and associates by operating segment, including line items, such as revenue from joint ventures; and

(e) joint operations.

60. The overall feedback is that information provided applying IFRS 12 enables the disclosure objective of the Standard to be met. Consequently, in the staff's view, the requests for additional information are not acute enough that require the Board to take immediate action.

*Possible effect of standard-setting*

61. Additional information would improve users' understanding of an entity's interests in other entities. However, the cost to prepare the information would increase depending on what additional information would be required. Moreover, the Board would need to wait until the completion of the Disclosure Initiative project and Primary Financial Statements project before conducting this potential project.

*Priority consideration*

62. Given this analysis the staff recommend while developing its work plan for 2022 to 2026 as part of the Third Agenda Consultation, the Board considers whether to take further action on improving disclosures on interest in other entities as a low priority.

***Topics it is not recommended the Board considers further***

63. In responding to question 10 of the Request for Information, which asked whether there are other topics not addressed in the Request for Information, several topics were identified. However, the staff do not recommend the Board considers further action for the following reasons:

- (a) the topics will be addressed by another project, such as:
- (i) questions on the equity method which may be addressed in the Equity Method project; and
  - (ii) put option on non-controlling interests which is in the scope of the Financial Instruments with Characteristics of Equity project.
- (b) the related issue was referred to only by a few respondents, such as:

- (i) non-investment entity parent;
  - (ii) separate financial statements of a joint operation;
  - (iii) control assessment of a not-for-profit investee;
  - (iv) the interaction between the definition of an investment entities in IFRS 10 and ‘venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds’ in paragraph 18 of IAS 28;
  - (v) consolidation exemption in paragraph 4 of IFRS 10;
  - (vi) independent directors in the control assessment; and
  - (vii) accounting outcome from consolidating a fund.
64. Some respondents also referred to proportionate consolidation for joint ventures which was superseded by IFRS 11. The staff do not recommend the Board reconsidering this topic because only a few respondents addressed the topic. Furthermore, the staff is recommending in paragraph 59 of this agenda paper, the Board considers whether the disclosure on individually material joint ventures and associates including the information on joint ventures and associates in the segment reporting could be improved. Improving the disclosure may address this matter.

### **Work done so far**

65. Since the publication of the Request for Information, the staff have:
- (a) summarised feedback on the Request for Information from comment letters;
  - (b) undertook outreach during the comment period;
  - (c) updated the academic literature review; and
  - (d) reached out to IFASS members and accounting firms regarding the frequency and significance of the 15 subtopics in paragraph 14 of this agenda paper.
66. The Board’s discussion on the Post-implementation Review after the publication of the Request for Information includes:

- (a) discussion on the feedback summary, updated academic review and outreach during the comment period at its July 2021 meeting; and
  - (b) deciding which topics the Board considers further arising from the Post-implementation Review at October 2021 meeting and at this meeting.
67. At its meeting in October 2021 the Board asked the staff, in light of the Board's comments, to consider if it would reprioritise any of the projects recommended in paragraph 7(b) of this agenda paper. The staff have reviewed the feedback on the related questions in the Request for Information and in the staff's view, the priority assessment is appropriate reflecting the feedback within the context of the Post-implementation Review.
68. Subject to the Board's approval on two topics the staff recommend considering further at this meeting, the staff think sufficient work has been completed to conclude the Post-implementation Review.

### **Next step**

69. Subject to approval of the Board, staff will prepare a Report and Feedback Statement on the Post-implementation Review.

## Questions for the Board

### Questions for the Board

- 1 Does the Board agree that, in developing its work plan for 2022 to 2026 as part of the Third Agenda Consultation, it considers:
  - (a) a project to assist the application of IFRS 10 and IFRS 11 as a medium priority including the subtopics:
    - (i) the relationship between substantive rights and protective rights;
    - (ii) change in relevant activities during the life-cycle of an investee;
    - (iii) assessing non-contractual agency relationships; and
    - (iv) accounting for disproportionate share of output compared to share of ownership.
  - (b) a project on the disclosure of interest in other entities as a low priority?
- 2 Does the Board agree that sufficient work has been completed to conclude the Post-implementation Review and for the staff to prepare the Report and Feedback Statement on the Post-implementation Review?

## Appendix A—Criteria for recommending which topics the Board considers further

- A1 In the first phase of the Post-implementation Review, the Board identified topics that it sought feedback on in the Request for Information. The feedback on the Request for Information was discussed at the Board meeting in July 2021.
- A2 The Board structured the questions in the Request for Information to obtain feedback that would help it understand the scope and the frequency of the matters it was requesting further information on. Assessing the feedback on the Request for Information the staff identified topics by assessing:<sup>2</sup>
- (a) scope—whether there is any reporting deficiency and accordingly the size of the potential project, that is the estimated resource required to fulfil the project scope;
  - (b) pervasiveness and acuteness—how pervasive and acute the topic is and which types of entities likely to be affected; and
  - (c) possible effect of further action—including the importance of the topic and the effect of the potential project.
- A3 The staff’s assessment of priority is based on feedback on the Request for Information, outreach activities and additional research.

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<sup>2</sup> Derived from the criteria in paragraph 5.4 of the *Due Process Handbook*

## Appendix B—Summary of questions in the Request for Information and the Board’s responses

Request for Information	Topics	Further action considered? If yes, which topic?	Notes
Question 2(a)	Power over an investee—relevant activities	Assisting the application of IFRS 10 and IFRS 11	Discussed in this agenda paper
Question 2(b)	Power over an investee—rights that give an investor power	Assisting the application of IFRS 10 and IFRS 11	Discussed in this agenda paper
Question 2(c)	Power over an investee—control without a majority of the voting rights	No <sup>3</sup>	Discussed in this agenda paper
Question 3(a)	The link between power and returns—principals and agents	No	Discussed in this agenda paper
Question 3(b)	The link between power and returns—non-contractual agency relationships	Assisting the application of IFRS 10 and IFRS 11	Discussed in this agenda paper
Question 4(a)	Investment entities—criteria for identifying an investment entity	Investment entities—definition of an investment entity	Discussed in October 2021 meeting
Question 4(b)	Investment entities—subsidiaries that are investment entities	Investment entities—subsidiaries that are investment entities	Discussed in October 2021 meeting
Question 5(a)	Accounting requirements—change in the relationship between an investor and an investee	Transactions that change the relationship between an investor and an investee	Discussed in October 2021 meeting

<sup>3</sup> Subtopics that the staff do not recommend the Board considering further are discussed in paragraph 43–49 of this agenda paper.

Request for Information	Topics	Further action considered? If yes, which topic?	Notes
Question 5(b)	Accounting requirements—partial acquisition of a subsidiary that does not constitute a business	Corporate wrappers	Discussed in October 2021 meeting
Question 6	Collaborative arrangements outside the scope of IFRS 11	Collaborative arrangements outside the scope of IFRS 11	Discussed in October 2021 meeting
Question 7	Classifying joint arrangements	No	Discussed in this agenda paper
Question 8	Accounting requirements for joint operations	Assisting the application of IFRS 10 and IFRS 11	Discussed in this agenda paper
Question 9	Disclosure of interests in other entities	Disclosure of interests in other entities	Discussed in this agenda paper
Question 10	Other topics <sup>4</sup>	Corporate wrappers	Discussed in October 2021 meeting

<sup>4</sup> Topics that the staff do not recommend the Board considering further are discussed in paragraph 63–64 of this agenda paper.