

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of the EFRAG Board. The paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion, or position papers, or in any other form considered appropriate in the circumstances.

Post-implementation review of IFRS 10, IFRS 11, and IFRS 12 Towards Request for Information – Questionnaires

This paper was discussed at the December 2020 EFRAG TEG meeting

Objective

- 1 The objective of this paper is to provide EFRAG TEG members with a draft questionnaire intended to be used during EFRAG Secretariat outreach activities.
- 2 EFRAG Secretariat plans to publish this questionnaire in response to the IASB's request for Information on Post-implementation Review of IFRS 10, IFRS 11, and IFRS 12 in order to collect EFRAG constituents' views on implementation issues related to the IFRS Standards under review.
- 3 This draft questionnaire is based on the discussion and comments received during October 2020 EFRAG TEG meeting.

Structure of the questionnaire

- 4 The draft questionnaire is divided into four parts related to:
 - (a) General information about the respondent
 - (b) More detailed information about the respondent
 - (c) Questions about IFRS 10 implementation issues
 - (d) Questions about IFRS 11 implementation issues
 - (e) Questions about IFRS 12 implementation issues
- 5 Parts (b) – (e), in turn, are split into subparts devoted to preparers and users.
- 6 This reflects the planned structure of the final survey published using EFRAG's SurveyGizmo platform. EFRAG Secretariat also plans to change the order of the chapter in the final survey and, for users, invert the order of parts (c), (d), and (e).

Time schedule

- 7 At its November 2020 meeting, the IASB approved the publication of the Request for Information (the RFI).
- 8 The IASB also agreed on 150-day comment period. Since the RFI is expected in early December 2020, the end of the comment period is expected in early May 2021.
- 9 EFRAG Secretariat plans to publish the questionnaire in the second week of January with the response deadline in mid-April.



/Draft/ questionnaire

Introductory comments

- 12 The survey will:
- (a) Explain its purpose; and
 - (b) Note that the results will only be published in aggregate and no individual respondent will be identified.

General questions (all respondents)

- 13 Your contact details
- (a) Company / Organisation
 - (b) Name
 - (c) Your email address
 - (d) May we contact you if we have a question about your response? (Y/N)
 - (e) May we share your contact details with the IASB for the purpose of further outreach activities? (Y/N)
- 14 Does your company / organisation have significant operations / cover companies in the European Union?
- (a) Yes. Which countries / jurisdictions? _____
 - (b) No. **IN THIS CASE, THE RESPONDENT WILL BE THANKED AND THE SURVEY CLOSED**

Detailed questions about the respondent

Questions for preparers

- 15 Please specify whether your prepare financial statements is in accordance with IFRS Standards.
- (a) Yes
 - (b) No. **IN THIS CASE, THE RESPONDENT WILL BE THANKED AND THE SURVEY CLOSED**
 - (c) Apply both IFRS Standards and other GAAPs. **IN THIS CASE, THE RESPONDENT WILL BE ASKED TO CONSIDER ONLY IFRS STANDARDS IN ANSWERING QUESTIONS**
- 16 What is an indicative level in euro of your organisation's total assets on the consolidated statement of financial position as at 2019 year-end? _____
- 17 In which sector category do you have the most significant operations (preparers) [focus your analysis (users)]?
- Automotive
 - Banking
 - Communication
 - Energy & Natural Resources
 - Food & Beverage
 - Insurance
 - Logistics & Transportation
 - Manufacturing

*Post-implementation review of IFRS 10, IFRS 11, and IFRS 12
Towards Request for Information - Questionnaires*

- Pharmaceutical
- Retail
- Real Estate & Construction
- Services
- Other, please specify: _____

- 18 Does your organisation have material:
- (a) subsidiaries
 - (b) Joint arrangements
 - (c) Other investments in other entities
- 19 Does your organisation qualify for the investment entity exception (including cases where it was assessed with negative outcome)?
- (a) No
 - (b) Yes

Questions for users

- 20 Please specify whether the companies you cover prepare financial statements in accordance with IFRS Standards?
- (a) Yes.
 - (b) No. **IN THIS CASE, THE RESPONDENT WILL BE THANKED AND THE SURVEY CLOSED**

- 21 How important are financial statements to your analyses?

Importance of financial statements				
1	2	3	4	5

- 22 To what extent do you use other sources of information?:

Extent of use of other sources				
1	2	3	4	5

- 23 What type of user are you?
- (a) Sell-side analyst
 - (b) Buy-side analyst
 - (c) Portfolio manager
 - (d) Private / retail investor
 - (e) Rating agency analyst
 - (f) Other: _____

- 24 What sectors do you cover?
- (a) Automotive
 - (b) Banking
 - (c) Communication
 - (d) Energy & Natural Resources

- (e) Food & Beverage
- (f) Insurance
- (g) Logistics & Transportation
- (h) Manufacturing
- (i) Pharmaceutical
- (j) Retail
- (k) Real Estate & Construction
- (l) Services
- (m) Other, please specify: _____

Questions regarding IFRS 10 Consolidated Financial Statements

Questions for preparers

25 Do you have material subsidiaries? **IF NO, GO TO IFRS 11**

Identifying the relevant activities

26 When two or more investors have existing rights to direct different relevant activities, paragraph 13 of IFRS 10 states that the investor that has the current ability to direct the activities that most significantly affect the returns of the investee has power over the investee. Stakeholders commented that a high level of judgement is required when two investors have right to direct different activities in different periods. Do you think additional guidance would be of help in reducing complexity and subjectivity of the assessment? (select all answers that apply)

- (a) No, complexity of the assessment can be related to intricacy of underlying transactions instead of lack of requirements within IFRS 10.
- (b) No, current application guidance on IFRS 10 (i.e. paragraph B13) is robust enough.
- (c) Yes, at least the guidance on the concept of “significance” should be further developed for the assessment of the relevant activity that most significantly affect the returns.
- (d) Yes, the guidance on the assessment of the likelihood of occurrence or non-occurrence of certain events should be further developed addressing the circumstances where a relevant activity may not occur until a particular event or circumstance occurs.
- (e) Yes, IFRS 10 currently does not include guidance on cases where a projection over the lifetime of the investee is needed due to changes on investee’s variable returns over the time.
- (f) Other, please specify: _____

Assessing control with less than majority of voting rights

27 Some stakeholders commented that assessing whether potential voting rights are substantive often require judgement. Do you think additional guidance would be of help in reducing complexity and subjectivity of the assessment? (select all answers that apply)

- (a) No, IFRS 10 is a principle-based standard and a certain level of judgement cannot be avoided.
- (b) No, current application guidance on IFRS 10 (i.e. paragraph B23(c) and B50) is robust enough.

- (c) Yes, additional guidance should clarify whether market conditions assessment should take into account changes in the current price attributable to events specific to the investee or to general changes in the financial markets.
- (d) Yes, additional guidance should support preparers when considering factors such as the purpose and the design of the rights, the presence of market barriers that prevent the holders exercising these rights and any other reason.
- (e) Yes, IFRS 10 currently does not include guidance on cases where a projection over the lifetime of the investee is needed due to changes on investee's variable returns over the time.

(f) Other, please specify

28 Do you think that assessing de-facto control is difficult in practice and may lead to divergencies across preparers? *(select all answers that apply)*

- (a) No, IFRS 10 is a principle-based standard and a certain level of judgement cannot be avoided. Current application guidance on IFRS 10 (i.e. paragraph B42) is adequate to maintain subjectivity at the lower level possible and ensuring consistency.
- (b) Yes, further guidance should support in the analysis of facts and circumstances, such as the relative dimension of investor's interest compared to others, the dispersion of other interests, past voting patterns and the presence of any other agreements between shareholders.
- (c) Yes, application guidance should include a minimum level of voting rights required to establish de-facto control.
- (d) Yes, further application guidance would help on determining how to continuously monitor de-facto control, and on the extent to which an entity needs to monitor transactions between third parties to reassess if initial circumstances have changed.

(e) Other, please specify

29 Do you think that current guidance to assess de-facto agency relationship could be improved? *(select all answers that apply)*

- (a) No, current application guidance on IFRS 10 (i.e. paragraph B75) already provide for exhaustive indicators and is adequate to maintain subjectivity at the lower level possible and ensuring consistency.
- (b) Yes, based on current requirements non-contractual agency relationship are difficult to prove or disprove.

If your reply was "Yes" please identify what the additional guidance should cover:

Assessing whether investor's rights are protective or substantive

30 Some stakeholders commented that assessing whether a right gives an investor power (and it is substantive) or it is a protective right often require judgement. Do you think additional guidance would be of help in reducing complexity and subjectivity of the assessment? *(select all answers that apply)*

- (a) No, this is merely an application issue that is mostly related to an increased complexity of shareholders' agreement rather than to the lack of guidance in IFRS 10.
- (b) Yes, further guidance should support the assessment on whether certain rights remain substantive or protective based on a change in facts and circumstances (i.e. a right deemed to be protective where an investor has the

ability to sell assets of the investee if an investee defaults on a loan, as it may be considered as an exceptional circumstance, needing a reassessment in circumstances where the investee breach a covenant).

- (c) Yes, further guidance should support the assessment on whether a removal right is substantive (i.e. by addressing how to assess how significant the lender's rights are in relation to the relevant activities of the investee).
- (d) Yes, further guidance should support the assessment on whether operational barriers prevent an entity to exercise a right (i.e. lack of available replacements when assessing the substance of a removal right).
- (e) Yes, the application guidance at par. 24 can be improved to mitigate judgement required in circumstances where entities have to assess the substance of rights that are not exercisable until a date in the future or can otherwise be exercisable only during a narrow period.
- (f) Other, please specify

Exposure to variable returns

- 31 Do you think that the assessment of investor's exposure to variable returns as an indicator of power, when considered with other rights, is a judgmental area that may lead to divergencies in practice?
- (a) No, the current guidance included in IFRS 10 is robust enough to provide a consistent accounting treatment across preparers.
 - (b) Yes, the option not to consolidate an entity based on a limited exposure to variable returns may be arbitrary.
- 32 If your previous response is B, can you please provide a comment on the main issue you encountered in applying current requirements?
-
- 33 Preliminary feedback included concerns about whether variable fees that arise on servicing rights should be included or excluded in the assessment of the exposure to variable returns. Based on this feedback, divergencies may arise in practice especially considering that IFRS 12 states that "typical customer-supplier relationship" does not necessarily depict an interest in another entity. How do you currently take into consideration this item?
- (a) This item is considered within the overall exposure to variable returns.
 - (b) This item is excluded from the overall exposure to variable returns.
 - (c) Issue not relevant / No position on that.
- 34 Preliminary feedback included concern about the lack of specific guidance on cases when an investor obtain control over an entity based on a business combination that does not provide for a consideration to be paid. More specifically, it would relate to how to assess the variable return assessment for the investor in such specific cases. Do you consider it as a relevant issue to be considered in the Post-Implementation review?
- (a) No, the issue is not relevant.
 - (b) Yes (please explain any difficult encountered in the past in performing the assessment).
 - (c) No position on that.

Principal versus agent assessment

- 35 Paragraph B72 of IFRS 10 states that in evaluating exposure to variability of returns from other interests, an investor shall consider that the greater the magnitude of, and variability associated with, its economic interests, the greater the likelihood that the decision maker is a principal. Do you consider that the current guidance should be improved to reduce the level of judgement involved in the assessment? (select all answers that apply)
- (a) No, this is merely an application issue that is mostly related to an increased complexity of shareholders' agreement and the current guidance (including examples at Par. B72) in IFRS 10 is robust enough.
 - (b) Yes, a level of returns that would result in the determination of an agency relationship should be specified in the standard.
 - (c) Yes, further guidance should support how to assess whether the decision maker exposure to variability of returns is different from that of the other investors and, if so, whether this might influence its actions.
 - (d) Other, please specify

Investment entities exception

- 36 What is your feedback on the investment entities exception?
- (a) For this kind of entities, fair value measurement provides more useful information compared to consolidation.
 - (b) It provides useful information. However, criteria to identify investment entities still leave room for some entities to achieve their preferred outcome by choosing to apply or not apply the exemption.
 - (c) Generally agree that it provides for useful information. However, some information shortfalls may occur because of the lack of information regarding the financial liabilities that investment entities leverage within a bigger group to fund investments (i.e. in circumstances where an intermediate subsidiary – that is itself an investment entity – held investments or incur financial liabilities that are not presented in the parent consolidated financial statement but instead subsumed in the fair value of the subsidiary).
- 37 **If you replied C) to question at par. 34:** How do you think this information shortfall should be better addressed?
- (a) Further disclosures about investments held and financial liabilities leveraged by an intermediate subsidiary should be disclosure in the notes to the financial statements under IFRS 12.
 - (b) The consolidation of subsidiaries that are themselves investment entities should be introduced at least in some circumstance.
 - (c) Please add any comment
- 38 Do you think that IFRS 10 currently provides enough guidance to assess whether an entity is an investment entity? (select all answers that apply)
- (a) Yes, IFRS 10 is a principle-based standard and a certain level of judgement cannot be avoided. Current application guidance on IFRS 10 is adequate to maintain subjectivity at the lower level possible and ensuring consistency.
 - (b) No, further guidance should support the assessment of the business purposes of the investment entity, for example regarding the level of active management of the investee, when the entity is also providing management services and strategic advices, that is consistent with the investment entity status.

*Post-implementation review of IFRS 10, IFRS 11, and IFRS 12
Towards Request for Information - Questionnaires*

- (c) No, the guidance on the level of documentation needed to prove that an exit strategy exists should be enhanced.
- (d) No, more guidance about the conditions that need to be fulfilled to prove that fair value information is used for internal reporting and decision-making purposes should be introduced.
- (e) No, specific guidance on the thresholds required for an entity to conclude that it measures and evaluates the performances of “substantially all” investments on a fair value basis should be introduced.

Accounting for changes in ownership interests

39 IFRS Standards do not provide comprehensive requirements on how to account for all cases of change in ownership interest that modify the relationship between an investor and an investee. Do you believe that more guidance on this should be a priority in the Post-Implementation Review process?

- (a) No
- (b) Yes

40 If your previous response is yes, can you please state which specific cases of change would be prioritized?

41 Do you consider that the requirement of remeasuring the interest retained in an entity when control is lost provide useful information?

- (a) Yes, if a parent loses control of a subsidiary, it is useful to have the parent recognising an investment retained in the former subsidiary at its fair value at the date when control is lost.
- (b) No, it does not provide useful information due to the lack of substantial changes in the retained interests. The relevance of the information in terms of profit or loss is questionable since the transaction does not involve actual exchange transactions.

42 For each of the issues listed below, please provide your assessment on: (i) how frequent they are in practice and (ii) how the level of current guidance provided in IFRS 10 allow entities to reduce the involvement of judgement to the lower possible extent:

Frequency: 1) Immaterial 2) Low 3) Moderate 4) High 5) No opinion

Current level of guidance: 1) No guidance 2) Can be improved 3) Comprehensive guidance 4) No opinion

Issues	Frequency the issue is encountered					Current level of guidance			
	1	2	3	4	5	1	2	3	4
Identification of relevant activities	()	()	()	()	()	()	()	()	()
Assessing control with less than majority of voting rights									
Potential voting rights as substantive rights	()	()	()	()	()	()	()	()	()

*Post-implementation review of IFRS 10, IFRS 11, and IFRS 12
Towards Request for Information - Questionnaires*

De-facto control	()	()	()	()	()	()	()	()	()
De-facto agency relationships	()	()	()	()	()	()	()	()	()
Assessing whether investor's rights are protective or substantive									
Rights remaining substantive or protective based on changes in facts and circumstances	()	()	()	()	()	()	()	()	()
Assessment of whether removal right is substantive	()	()	()	()	()	()	()	()	()
Assessment of potential barriers preventing the holder to exercise a right	()	()	()	()	()	()	()	()	()
Rights exercisable only during a narrow period, or not exercisable until a future date	()	()	()	()	()	()	()	()	()
Exposure to variable returns									
Assessment of investor's exposure to variable returns as an indicator of power, when considered with other rights	()	()	()	()	()	()	()	()	()
Inclusion of variable fees that arise from servicing rights when assessing the exposure to variable returns	()	()	()	()	()	()	()	()	()
Variable returns assessment when no consideration is paid	()	()	()	()	()	()	()	()	()
Principal versus agent assessment									
Assessment of the level of return that would result in the determination of an agency relationship	()	()	()	()	()	()	()	()	()
Assessment of whether the decision maker exposure to variability of returns is different from that of the other investors	()	()	()	()	()	()	()	()	()
Investment entities exception									
Assess the business purposes of an investment entity	()	()	()	()	()	()	()	()	()
Level of documentation needed to prove an exit strategy	()	()	()	()	()	()	()	()	()
Conditions that need to be fulfilled to prove that fair value information	()	()	()	()	()	()	()	()	()

is used for internal reporting and decision-making purposes									
---	--	--	--	--	--	--	--	--	--

Final considerations

- 43 Do you consider there are other difficult area of application in the standard that could be considered for additional guidance?
- (a) No, the standard is principle-based and no other guidance would be necessary
- (b) Yes (*please provide examples of other issues you encountered in practice*)

Questions for users

Investment entities exception

- 44 What is your feedback on the investment entities exception?
- (a) For this kind of entities, Fair Value measurement provide more useful information compared to a full consolidation.
- (b) It provides useful information. However, criteria to identify investment entities still leave room for some entities to achieve their preferred outcome by choosing to apply or not apply the exemption.
- (c) Generally agree that it provides for useful information. However, some information shortfalls may occur because of the lack of information regarding the financial liabilities that investment entities leverage within a bigger group to fund investments (i.e. in circumstances where an intermediate subsidiary – that is itself an investment entity – held investments or incur financial liabilities that are not presented in the parent consolidated financial statement but instead subsumed in the fair value of the subsidiary).

45 If you replied C) to Question at Par. 44:

How do you think this information shortfall should be better addressed?

- (a) Further disclosures about investments held and financial liabilities leveraged by an intermediate subsidiary should be disclosure in the notes to the financial statements under IFRS 12.
- (b) The consolidation of subsidiaries that are themselves investment entities should be introduced at least in some circumstance.
- (c) Please add any comment

- 46 Do you think that IFRS 10 currently provides enough guidance to assess whether an entity is an investment entity? (select all answers that apply)
- (a) Yes, IFRS 10 is a principle-based standard and a certain level of judgement cannot be avoided. Current application guidance on IFRS 10 is adequate to maintain subjectivity at the lower level possible and ensuring consistency.
- (b) No, further guidance should support the assessment of the business purposes of the investment entity, for example regarding the level of active management of the investee, when the entity is also providing management services and strategic advices, that is consistent with the investment entity status.
- (c) No, the guidance on the level of documentation needed to prove that an exit strategy exists should be enhanced.

*Post-implementation review of IFRS 10, IFRS 11, and IFRS 12
Towards Request for Information - Questionnaires*

- (d) No, more guidance about the conditions that need to be fulfilled to prove that fair value information is used for internal reporting and decision-making purposes should be introduced.
- (e) No, specific guidance on the thresholds required for an entity to conclude that it measures and evaluates the performances of “substantially all” investments on a fair value basis should be introduced.

Accounting for changes in ownership interests

47 IFRS Standards do not provide comprehensive requirements on how to account for all cases of change in ownership interest that modify the relationship between an investor and an investee. Do you believe that more guidance on this should be a priority in the Post-Implementation Review process?

- (a) No
- (b) Yes

48 If your previous response is yes, can you please state which specific cases of change would be prioritized?

49 Do you consider that the requirement of remeasuring the interest retained in an entity when control is lost provide useful information?

- (a) Yes, if a parent loses control of a subsidiary, it is useful to have the parent recognising an investment retained in the former subsidiary at its fair value at the date when control is lost.
- (b) No, it does not provide useful information due to the lack of substantial changes in the retained interests. The relevance of the information in terms of profit or loss is questionable since the transaction does not involve actual exchange transactions.

50 For each of the issues listed below, please provide your assessment on: (i) how they are frequent in practice and (ii) how the level of current guidance provided in IFRS 10 allow entities to reduce the involvement of judgement to the lower possible extent:

Frequency: 1) Immaterial 2) Low 3) Moderate 4) High 5) No opinion

Current level of guidance: 1) No guidance 2) Can be improved 3) Comprehensive guidance 4) No opinion

Issues	Frequency the issue is encountered					Current level of guidance			
	1	2	3	4	5	1	2	3	4
Investment entities exception									
Assess the business purposes of an investment entity	()	()	()	()	()	()	()	()	()
Level of documentation needed to prove an exit strategy	()	()	()	()	()	()	()	()	()
Conditions that need to be fulfilled to prove that fair value information	()	()	()	()	()	()	()	()	()

is used for internal reporting and decision-making purposes									
---	--	--	--	--	--	--	--	--	--

Final considerations

51 Do you consider there are other difficult area of application in the standard that could be considered for additional guidance?

- (a) No, the standard is principle-based and no other guidance would be necessary
- (b) Yes (*please provide examples*)

Questions regarding IFRS 11 Joint Arrangements

Questions for preparers

Collaboration arrangements¹ outside the scope of IFRS 11

52 IFRS Standards do not provide guidance and disclosure requirements regarding collaborative arrangements. Does your organisation provide information on material collaborative arrangements in financial statements?

- (a) Yes, it's common for my organisation to carry business using collaborative arrangements.
- (b) Yes, but incidentally only.
- (c) No.. [**Skip further questions**]

53 How have you developed an accounting policy that you apply to collaborative arrangements?

- (a) Yes, please briefly explain _____
- (b) No, we provide disclosures for all material arrangements.

Classification of joint arrangements according to 'other facts and circumstances'

54 A joint arrangement involving a separate vehicle, is classified as a joint venture or a joint operation based on other facts and circumstances. Do you consider the assessment of other facts and circumstances as complex / costly to apply?

Complexity				
1	2	3	4	5

Cost				
1	2	3	4	5

Please briefly explain what is the main reason of complexity / application cost of the assessment: _____

55 We heard from our constituents that applying a practical expedient, or simplifying the assessment, may reduce the ongoing implementation costs of the classification assessment but would keep the relevance of the financial information provided. Do you consider that a practical expedient or a simplified assessment approach

¹ Collaborative arrangements are arrangements similar to joint arrangements i.e. the arrangements where two or more parties manage activities together, but do not satisfy the criterium of joint control. They are sometimes referred to as risk-sharing arrangements.

would reduce the cost of the classification and would keep the relevance and the reliability of the resulting financial information?

(a) Yes – Please explain what type simplification could be applied and why it does not reduce the relevance of the financial information provided: _____

(b) No

Accounting for interests in joint operations

56 When a joint arrangement is classified as a joint operation, its joint operator recognises its assets, liabilities, revenues, and expenses including the share of assets, liabilities, revenues, and expenses arising from the joint operation. Do you consider that the guidance on accounting for interests in joint operations creates implementation issues?

(a) Yes, because the requirements lack enough guidance.
Please explain which situations bring the major challenges in accounting for the interests in joint arrangements and how these challenges could be addressed _____

(b) No.

57 IFRS 11 withdrew IAS 31 *Interest in Joint Ventures* and consequently removed an option to proportionally consolidate jointly controlled entities / partnerships etc. Do you use proportional consolidation in pro-forma reports or present performance measures based on proportional consolidation in other communication with users?

(a) Yes. Please explain the situations when you use the information based on proportional consolidation _____

(b) No.

Interactions with other IFRS Standards

58 Recently, the IFRS Interpretations Committee discussed the issue of recognising liabilities in joint arrangements and, in particular, leases for the purpose of joint arrangement. Do you consider that IFRS 11 provides enough guidance to account for interactions of IFRS 16 *Leases* with IFRS 11?

(a) Yes. Please explain: _____

(b) No. Please explain: _____

59 Do you think that the interactions with any other IFRS Standards should also be considered by EFRAG when responding to the IASB's Request for Information?

(a) Yes. Please briefly explain and provide examples why this is an issue for the PIR and not an issue for the other IFRS Standard. _____

(b) No. I'm not aware of any issues regarding interactions of IFRS 11 and other IFRS Standards.

Questions for users

Collaboration arrangements²

60 IFRS Standards do not provide guidance and disclosure requirements regarding collaborative arrangements. What are your information needs related to collaborative arrangements?

² Collaboration arrangements are arrangements similar to joint arrangements i.e. the arrangements where two or more parties manage activities together, but do not satisfy the criterium of joint control. They are sometimes referred to as risk-sharing arrangements.

- (a) Such arrangements should be presented in a similar way to joint arrangements (as joint ventures or joint operations) based on IFRS 11 assessment excluding assessment of joint control.
- (b) Entities should apply the simplified criteria (e.g. whether involving separate vehicle) and recognise as either joint operations or joint ventures in accordance with IFRS 11 requirements.
- (c) I'm not aware of material collaborative arrangements. Any arrangements of that type should be disclosed to provide relevant information.
- (d) Other: please explain _____

Classification of joint arrangements according to 'other facts and circumstances'

61 IFRS 11 requires an entity to classify interests in joint arrangements as either joint operations or joint ventures. The classification is based on the rights held and obligations incurred by the parties sharing joint control. Generally, a joint arrangement that does not involve a separate vehicle is a joint operation and a joint arrangement that involves a separate vehicle may be classified as a joint operation based on 'other facts and circumstances'.

Do you find the financial information resulting from the assessment useful?

- (a) Yes. Please explain what is relevant for the assessment: _____
- (b) No, but existing disclosure requirements provide relevant information about joint arrangements
- (c) No.

Accounting for interests in joint operations

62 When a joint arrangement is classified as a joint operation, a joint operator is required to recognise its assets, liabilities, revenues, and expenses including the share of assets, liabilities, revenues, and expenses arising from the joint operation. Do you find the information resulting from this accounting approach useful?

- (a) Yes.
- (b) No. Please explain: _____

Questions regarding IFRS 12 Disclosures of Interests in Other Entities

Questions for preparers

63 Please indicate whether you consider the disclosure requirements in IFRS 12 relating to the following subjects to be complex to apply:

Complexity				
1	2	3	4	5

Interests in subsidiaries

Interests in unconsolidated subsidiaries

Interests in joint arrangements and associates

Interests in unconsolidated structured entities

Please explain why you consider it to be complex (only if option 3/4/5 is selected):

64 Please indicate whether you consider the disclosure requirements in IFRS 12 relating to the following subjects to be costly to apply:

Interests in subsidiaries

Interests in unconsolidated subsidiaries

Interests in joint arrangements and associates

Interests in unconsolidated structured entities

Please explain why you consider it to be costly (only if option 3/4/5 is selected):

- 65 Please indicate whether you consider the disclosure requirements in IFRS 12 relating to the following subjects to require sensitive (commercially or other sensitivity) when applied:

Costly				
1	2	3	4	5

Interests in subsidiaries

Interests in unconsolidated subsidiaries

Interests in joint arrangements and associates

Interests in unconsolidated structured entities

Please explain which information you consider sensitive and why you consider it sensitive (only if option 3/4/5 is selected):

Identification of unconsolidated structured entities – applying the definition of structured entities

- 66 Do you experience difficulties with identifying unconsolidated structured entities?

- (a) Yes, the definition of a structured entity is not clear.
- (b) Yes, the definition of a structured entity is clear but more guidance is needed:
 - a. on how to apply the materiality principle when identifying unconsolidated structured entities.
 - b. Defining an appropriate disclosure level permitting comparability between companies.
 - c. For other reasons, please specify

- (c) No, there are no difficulties experienced.

More information on the impact of significant NCI on results and cash flows

- 67 Do you expect any issues with providing more aggregated information on the effect of NCIs on the group as a whole (incorporating the real degree of ownership of the subsidiaries especially on net income and book equity)?

- (a) Yes, providing aggregated information will be useful but also more costly and/or complex.
- (b) Yes, other.
- (c) No, because the information is already provided per individual non-controlling interest therefore the most significant effect on the group is disclosed.
- (d) No, other.

- 68 Do you expect any issues with distinguishing the share of non-controlling interests in the cash flow statement?
- (a) Yes, this will increase the cost and/or complexity.
 - (b) Yes, other.
 - (c) No, the information is already available.
 - (d) No, other.

More granular disclosures for subsidiaries with significant NCI

- 69 Would you agree that providing the following information will be practical:
- | | |
|-------|----------|
| Agree | Disagree |
|-------|----------|
- (a) Disclose the proportionate share of material NCIs in profits and cash flows.
 - (b) Disclose the composition of the NCIs.
 - (c) More detailed information on the assets and liabilities held by subsidiaries with material NCIs.
 - (d) More information on restrictions on paying dividends, tax consequences of distributions and subordination of debt in subsidiaries.
 - (e) Disclose the expected cash flows and predictions on the volume of business to enable users to identify dividend traps.³

More granular disclosures for joint ventures and associates

- 70 Do you think that more granular information is needed for joint ventures and associates:
- (a) Yes, please specify
 - (b) No, please specify

Assessment whether the disclosures required by IFRS 12 are useful for users

- 71 Are you in favour of reintroducing the proportional consolidation?
- (a) Yes, please specify
 - (b) No, please specify
- 72 Do you consider it necessary to have additional guidance in determining the population of structured entities that are considered 'unconsolidated' in the separate financial statements: all structured entities, because none are consolidated in the separate financial statements. Alternatively, only those structured entities that are not consolidated because they are not controlled by the reporting entity.
- (a) Yes
 - (b) No
- 73 Do you consider it necessary to have additional guidance in how to measure the size of a structured entity?

³ The EFRAG Secretariat is aware of the difficulties that affect the reliability of such disclosures. For example, with the transition to a greener economy, will oil majors that are traditionally large dividend payers, be able to continue paying dividends as now? Similar for postal services in a growing online economic environment. Such cases go beyond reliability and encompass questions about the sustainability of the business model on the longer term.

*Post-implementation review of IFRS 10, IFRS 11, and IFRS 12
Towards Request for Information - Questionnaires*

- (a) Yes
- (b) No

Disclosures about an associate which is a public entity

74 Do you have any listed material subsidiary, joint venture or associate with different reporting dates and do you consider it an issue that summarised financial information of that investment is currently required by IFRS 12?

- (a) Yes, the IASB needs to reconsider to include an exception as sensitive information is released to the market before the official reporting date.
- (b) Yes, but it is not an issue as the importance of providing the consolidated information of the listed parent company prevails over the requirements for listed investment.
- (c) No, we don't have an investment in a listed subsidiary, joint venture or associate.

75 Do you have any other issues relating to the disclosure requirements in IFRS 12 that you want us to consider?

- (a) Yes, please specify
- (b) No

Questions for users

Assessment whether the disclosures required by IFRS 12 are useful for users

76 Please indicate whether you consider the disclosure requirements in IFRS 12 relating to the following subjects to be useful:

Usefulness				
1	2	3	4	5

Interests in subsidiaries

Interests in unconsolidated subsidiaries

Interests in joint arrangements and associates

Interests in unconsolidated structured entities

Please explain why you consider it to be not useful (only if option 1/2/3 is selected):

77 Please indicate whether you consider the current granularity in the disclosures to the financial statements relating to the following subjects to be sufficient:

Sufficient				
1	2	3	4	5

Interests in subsidiaries

Interests in unconsolidated subsidiaries

Interests in joint arrangements and associates

Interests in unconsolidated structured entities

Please specify why you consider it to be insufficient (only if option 1/2/3 is selected):

- 78 Do you consider it easy to locate the information as required by IFRS in the financial statement of companies?
- (a) Yes
- (b) No
- 79 Do companies apply the requirements consistently resulting in comparable disclosures between companies:
- (a) Yes
- (b) No, please specify where differences are seen mostly and in which sectors

Identification of unconsolidated structured entities – applying the definition of structured entities

- 80 Do you agree that currently the unconsolidated structured entities are identified correctly and sufficient information is provided?
- (a) Yes
- (b) No, (please refer to the next question)
- 81 In case you experience difficulties with identifying unconsolidated structured entities, what is the reason:
- (a) Companies apply a too high materiality threshold when identifying unconsolidated structured entities.
- (b) The information provided does not allow comparability between companies as the details provided differ between them to a large extent. In this case which detailed information should be provided at a minimum in your view?
- (c) Other reasons (please specify)

- 82 In the transition from SIC 12 to IFRS 10 and 12 is there information that was lost and which you would like to have to be reinstated? Please specify the nature of this information and why it is important for your analysis.

More information on the impact of significant NCI on results and cash flows

- 83 Do you need more aggregated information on the effect of NCIs on the group as a whole (incorporating the real degree of ownership of the subsidiaries especially on net income and book equity)?
- (a) Yes, this information is necessary to assess the impact of NCIs on group level.
- (b) Yes, but additional and specific information is necessary relating to, please specify
- (c) No, the current level of disclosures already enables users to assess the impact of NCIs on group level.
- (d) No, for other reasons.
- 84 The cash flow statement is the only area where there is no NCI and, therefore, the cash flow statement could be misleading if there is no separation between majority owned entities and NCIs. Do you consider it necessary to include a separation between majority owned entities and NCIs in the cash flow statements?

*Post-implementation review of IFRS 10, IFRS 11, and IFRS 12
Towards Request for Information - Questionnaires*

- (a) Yes, it enables users to distinguish between cash flows controlled by the entity and cash flows not controlled by the entity.
- (b) Yes, other reasons, please specify
- (c) No, the current level of information provided is sufficient.
- (d) No, for other reason, please specify

More granular disclosures for subsidiaries with significant NCI

85 Please indicate the importance of having additional disclosure requirements on the following subjects:

- | Importance | | | | |
|------------|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
- (a) Information on the composition of NCIs (such as, to which subsidiaries an NCI relates).
- (b) Information on the proportionate share of operating cash flows associated with material NCIs.
- (c) More detailed information on the assets and liabilities held by subsidiaries with material NCIs, as well as associates and joint ventures.
- (d) More information on restrictions on paying dividends and dividend traps.
- (e) More information on the tax consequences of distributions.
- (f) More information on subordination of debt in subsidiaries.
- (g) Please specify why you consider it to be important (only if option 3/4/5 is selected):

86 Please specify what information is currently required but not disclosed appropriately in the financial statements of companies and why that information is necessary.

87 Please specify whether there are other items or information needs from users currently not required by IFRS 12 that you want us to consider and please explain why that information is important to you.

And finally ...

88 Do you have any additional feedback:

THANK YOU FOR COMPLETING THE QUESTIONNAIRE