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## **Post-implementation review of IFRS 10, IFRS 11, and IFRS 12**

### **Cover Note**

#### **Objective**

- 1 The objective of the session is to
  - (a) update EFRAG TEG and CFSS members on the recent developments in the IASB project on Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interests in Other Entities* (the PIR);
  - (b) discuss with EFRAG TEG and CFSS members the initial feedback/reactions to the IASB's Request for Information. in their jurisdictions; and
  - (c) discuss the eventual outreach activities to collect the feedback relevant to the jurisdictions of the EFRAG CFSS members.

#### **IASB project background**

- 2 In May 2011, the IASB published IFRS 10, IFRS 11, and IFRS 12, revised IAS 27 *Separate Financial Statements* and revised IAS 28 *Investments in Associates and Joint Ventures* (**the Consolidation Package**).
- 3 In IFRS 10, the IASB introduced a single control model for consolidation. In IFRS 11, compared to IAS 31 *Interests in Joint Ventures*, the IASB eliminated the accounting options and proportional consolidation, and introduced the classification of, and accounting for, joint arrangements based on rights and obligations. In IFRS 12, the IASB introduced enhanced disclosure requirements.
- 4 In the European Union, the effective date of the Consolidation Package was delayed by one year to 1 January 2014.
- 5 In September 2019, the IASB started the PIR with the intention to focus on
  - (a) the matters that were important or contentious during the development of the standards; and
  - (b) any matters that have come to the attention of the IASB after the standards were issued.
- 6 **In December 2020**, the IASB publish the Request for Information (the RFI). The RFI was restricted to the following topics of the Consolidation Package:
  - (a) in relation to IFRS 10:
    - (i) power over an investee;
    - (ii) the link between power and returns, with a focus on identifying agency relationships;

- (iii) accounting requirements, with a focus on changes in ownership interests; and
  - (iv) the investment entity consolidation exception.
- (b) in relation to IFRS 11:
- (i) collaboration arrangements outside the scope of IFRS 11;
  - (ii) the classification of joint arrangements as joint operations based on other facts and circumstances; and
  - (iii) accounting requirements, with a focus on joint operations.
- (c) in relation to IFRS 12, the quality of information an entity provides and whether and how well the disclosure objectives are met by an entity applying the requirements.
- 7 Moreover, the RFI does not include questions on revised IAS 27 *Separate Financial Statements* and revised IAS 28 *Investments in Associates and Joint Ventures*. Furthermore, it will not consider the interactions of the IFRS Standards under review with other IFRS Standards.
- 8 The deadline for providing responses to the RFI is on **10 May 2021**.

#### **EFRAG's outreach activities**

- 9 In January 2021, EFRAG Secretariat published a survey questionnaire for users and preparers. The survey includes separate questions for users and for preparers.
- 10 The survey is available here: <https://survey.alchemer.eu/s3/90300869/Post-implementation-Review-of-IFRS-10-IFRS-11-and-IFRS-12>
- 11 On 1 March 2021, EFRAG held a joint webinar with the IASB and EFFAS. The feedback from the webinar will be published shortly after this EFRAG TEG and CFSS meeting.
- 12 Furthermore, EFRAG Secretariat also envisages other outreach activities with National Standard Setters and the IASB, for users and preparers, in the form of webinars or physical events, depending on the future epidemiological situation. Where possible, we plan to align the outreaches with the plans of the IASB Staff in order to jointly carry the outreach events.

#### **Questions for EFRAG TEG members**

- 13 What are the initial views and considerations of EFRAG CFSS members on the topics that are the subject of the RFI (see paragraph 6 above)?
- 14 Do EFRAG CFSS members have other issues related to the application of the Consolidation Package, other than those mentioned in paragraph 6, that the IASB should consider in the PIR?
- 15 Do EFRAG CFSS members plan any outreach activities to collect the issues relevant to their jurisdictions? EFRAG would be pleased to be involved in any outreach events.

#### **Agenda Papers**

- 16 In addition to this cover note - *Agenda Paper 10-02 – ASAF Paper 05* – has been uploaded for the session for the background purposes.
- 17 The RFI is available on the IASB web site here: <https://cdn.ifrs.org/-/media/project/pir-10-11-12/rfi2020-pir10-11-12.pdf?la=en>