IFRS Accounting

June 2022

Project Report and Feedback Statement

IFRS Accounting Standards

Post-implementation Review

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosure of Interests in Other Entities*

Post-implementation Review

The International Accounting Standards Board (IASB) conducts post-implementation reviews of new IFRS Accounting Standards or major amendments to IFRS Accounting Standards to assess the effects of the requirements on users of financial statements, preparers and auditors.

This Project Report and Feedback Statement (Report) summarises the work completed and conclusions reached in the Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* (Post-implementation Review).

Contents

At a glance

The IASB conducted a Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* between 2019 and 2022.

The objective of the Post-implementation Review was to assess the effects of the requirements in the Standards on users of financial statements, preparers and auditors.

The IASB's conclusions on the Post-implementation Review

Based on its analysis of the evidence gathered in the Post-implementation Review, the IASB concluded that the requirements of IFRS 10, IFRS 11 and IFRS 12 are working as intended. In particular, the IASB concluded the Standards are meeting their objectives and that:

- *IFRS 10*—using the control model as the single basis for consolidation, including guidance for applying that model to situations in which it can be difficult for an entity to assess control, enables entities to determine whether they control another entity.
- *IFRS 11*—the classification of a joint arrangement based on a party's rights and obligations provides a faithful representation of an entity's interest in a joint arrangement. IFRS 11 overcomes previous impediments to financial reporting that classified joint arrangements based on legal structure and permitted an entity a choice in accounting for jointly controlled entities.
- *IFRS 12*—the information required by IFRS 12 enables users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, including subsidiaries, joint arrangements, associates and structured entities; and the effects of those interests on the entity's financial position, financial performance and cash flows.
- no unexpected costs arose when applying or enforcing the requirements of IFRS 10, IFRS 11 and IFRS 12, nor when using or auditing information the Standard requires an entity to provide.

Outcomes of the Post-implementation Review

Applying the approach on pages 7–8 of this Report, the IASB assessed none of the matters arising from the Post-implementation Review to be of high or medium priority. The IASB assessed five matters to be of low priority and these could be explored if identified as priorities in the next agenda consultation:[1]

- subsidiaries that are investment entities;
- transactions that change the relationship between an investor and an investee;
- transactions that involve 'corporate wrappers';
- collaborative arrangements outside the scope of IFRS 11; and
- additional disclosures about interests in other entities.

The IASB decided no further action was required on other matters identified in the Post-implementation Review.

1 The next agenda consultation will be the IASB's fourth agenda consultation.

Introduction

Post-implementation reviews

A post-implementation review is a mandatory step in the IFRS Foundation's due process. The International Accounting Standards Board (IASB) is required to conduct a post-implementation review of each new IFRS Accounting Standard or major amendment to an IFRS Accounting Standard. These reviews help the IASB to assess the effects of requirements on users of financial statements, preparers and auditors.

The IFRS Foundation's *Due Process Handbook* states that a post-implementation review has two phases:

- the first phase, which involves identifying and assessing matters to be examined, which then become the subject of a public consultation in a request for information.
- the second phase, in which the IASB considers the responses to the request for information along with the information it has gathered through other consultative and research activities. These activities include meetings with stakeholders and a review of relevant research, including academic literature, on the effect of applying the IFRS Accounting Standard to financial reporting.

A post-implementation review ends when the IASB presents its findings and sets out the steps it plans to take, if any, as a result of the review.

Purpose of a post-implementation review

In a post-implementation review, the IASB aims to assess whether:

- an entity applying the requirements in an IFRS Accounting Standard produces financial statements that faithfully portray the entity's financial position and performance, and whether this information helps users of financial statements to make informed economic decisions;
- areas of the IFRS Accounting Standard pose challenges;
- areas of the IFRS Accounting Standard could result in inconsistent application; and
- unexpected costs arise when applying or enforcing the requirements in the IFRS Accounting Standard, or when using or auditing information the IFRS Accounting Standard requires an entity to provide.

Introduction *continued...*

The IASB’s objectives when issuing IFRS 10, IFRS 11 and IFRS 12

The IASB’s objectives when issuing IFRS 10, IFRS 11 and IFRS 12 were to:

- develop a control model as the single basis for consolidation and robust guidance for applying that control model to situations in which it proved difficult for an entity to assess control;
- establish an accounting principle to reflect the rights and obligations that parties have as a result of their interests in joint arrangements; and
- enable users of financial statements to evaluate the nature of and risks associated with an entity’s interests in other entities, including subsidiaries, joint arrangements, associates and structured entities; and to evaluate the effects of those interests on the entity’s financial position, financial performance and cash flows.

Time line of the Post-implementation Review

The time line of the Post-implementation Review is presented in Appendix D of this Report.

More information about the project

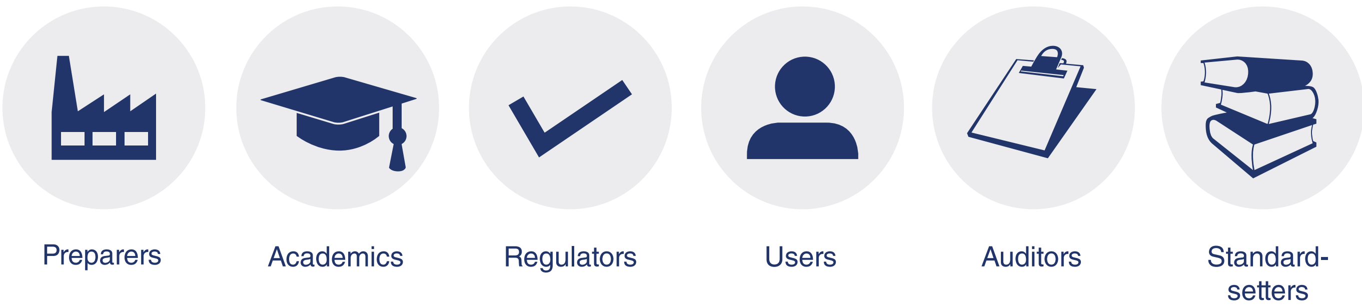
More information about the project, including recordings of public meetings, is available on the IFRS Foundation’s website.

First phase—Identifying matters to be examined

Identifying matters to be examined

In the first phase of the Post-implementation Review the IASB identified matters to be examined in a Request for Information. To identify matters the IASB:

- reviewed materials published alongside IFRS 10, IFRS 11 and IFRS 12 and after issuing IFRS 10, IFRS 11 and IFRS 12, including Agenda Decisions issued by the IFRS Interpretations Committee (Committee);
- held more than 20 meetings to consult with stakeholders and other consultative bodies; and
- reviewed academic research and other literature.[2]



Feedback from the first phase

Feedback from the first phase of the Post-implementation Review demonstrated that stakeholders:

- agreed with using the control model as the single basis for consolidation. Some stakeholders said that, sometimes, applying the requirements of IFRS 10 involves significant judgement and reaching a conclusion can prove challenging. For example, challenges can arise when the information available to the entity could lead to several conclusions, or when an entity or other party is uncertain whether a right or obligation exists.
- supported the principle in IFRS 11, though some stakeholders raised concerns about the classification of joint arrangements in specific situations, and the accounting requirements for joint operations.

There was little feedback on the disclosure requirements of IFRS 12 in the first phase of the Post-implementation Review.

Based on feedback from the first phase, the IASB identified questions to be included in the Request for Information. The IASB asked questions about matters it wanted more information on. For example, the IASB asked how frequently a party to a joint arrangement needs to consider other facts and circumstances to determine the classification of a joint arrangement.

Appendix A of this Report sets out the questions asked in the Request for Information.

2 For further details, see Agenda Paper 7A *Findings from the first phase and determining the next step* and Agenda Paper 7C *Work undertaken in the first phase* from the April 2020 meeting of the International Accounting Standards Board (IASB).

Second phase—Summary of findings and the IASB's response

Gathering evidence

In the second phase of the Post-implementation Review, the IASB gathered evidence on the matters in the Request for Information. The IASB relied on three main sources of evidence:

- public consultation via the Request for Information;
- meeting with stakeholders; and
- reviewing academic research.[3]

The IASB also examined disclosures provided by entities applying IFRS 12 in a limited desk-based review of financial statements.

Appendix B of this Report summarises how the IASB gathered evidence in the second phase of the Post-implementation Review.

Approach to assessing evidence

For this Post-implementation Review the IASB applied the following approach to identifying and prioritising matters arising in the second phase of the Post-implementation Review. The IASB assessed:

- whether matters warrant further action; and
- how such matters should be prioritised.

Assessing whether matters warrant further action

The IASB decided it would act on matters arising from a post-implementation review when the findings provide evidence that:

- the objective of the new IFRS Accounting Standard is not being met;
- there is a significant deficiency in how information arising from applying the new IFRS Accounting Standard meets the needs of users of financial statements (for example, significant diversity in application); and/or
- the costs or challenges of applying the new IFRS Accounting Standard or auditing, enforcing or using information arising from applying the new IFRS Accounting Standard are significantly greater than expected (for example, there is a significant difference between the actual effects of applying the new IFRS Accounting Standard and the expected effects as described in the effects analysis published with the new IFRS Accounting Standard).

3 For further details, see Agenda Paper 7D *Academic literature review update* from the July 2021 IASB meeting.

Second phase—Summary of findings and the IASB's response *continued...*

Assessing the priority of the matters that warrant further action

The IASB decided it would prioritise matters arising from this Post-implementation Review based on the characteristics of the matter—that is, the extent to which:

- the matter has substantial consequences.
- the matter is pervasive.
- the IASB or the Committee can respond to the matter.
- the benefits of any action would be expected to outweigh the costs. To determine this, the IASB would consider the extent of disruption and operational costs resulting from change and the importance of the matter to users of financial statements.

The IASB classified matters arising in the second phase based on the characteristics for prioritisation, as set out in Table 1:

Table 1—Prioritisation of matters raised

Priority	When to act	To what extent the characteristics are present
High	As soon as possible	Matters that: • relate to the objective or core principle of the new IFRS Accounting Standard and result in the IASB being unable to conclude that the new IFRS Accounting Standard is working as intended; or • require an urgent solution.
Medium	Add to the research pipeline	Matters that exhibit most of the characteristics required to qualify as priorities and for which the benefits of responding to the matter are expected to exceed the costs.
Low	Explore if identified as a priority in the next agenda consultation	Matters that: • exhibit some of the characteristics required to qualify as priorities; and • omit other characteristics required to qualify as priorities or lack enough information for the IASB to conclude whether such characteristics are present.
No action	Not applicable	Matters that exhibit few or none of the characteristics required to qualify as priorities.

Second phase—Summary of findings and the IASB's response *continued...*

Overall conclusion

The IASB concluded that IFRS 10, IFRS 11 and IFRS 12 are working as intended after considering the evidence gathered in the second phase of the Post-implementation Review.

Outcomes

Applying the approach on pages 7–8 of this Report, the IASB assessed none of the matters arising from the Post-implementation Review to be of high or medium priority. The IASB assessed five matters to be of low priority and these could be explored if identified as priorities in the next agenda consultation. These are:

- subsidiaries that are investment entities;
- transactions that change the relationship between an investor and an investee;
- transactions that involve 'corporate wrappers';
- collaborative arrangements outside the scope of IFRS 11; and
- additional disclosures about interests in other entities.

The IASB's response to the low-priority matters is set out in Appendix C of this Report.

The IASB decided no further action was required on other matters identified in the Post-implementation Review. The IASB observed that:

- if stakeholders need further guidance they are encouraged to submit application questions meeting the submission criteria to the Committee; and
- other matters exhibited few or none of the characteristics required to qualify as priorities, for example, the IASB noted that only a few respondents raised a concern about IFRS 11 eliminating proportionate consolidation for joint ventures.

Appendix A—Questions in the Request for Information

Table A1—Questions in the Request for Information	
Number	**Questions in the Request for Information**
1	To understand whether groups of stakeholders share similar views, the IASB would like to know: (a) your principal role in relation to financial reporting. Are you a user or a preparer of financial statements, an auditor, a regulator, a standard-setter or an academic? Do you represent a professional accounting body? If you are a user of financial statements, what kind of user are you, for example, are you a buy-side analyst, sell-side analyst, credit rating analyst, creditor or lender, or asset or portfolio manager? (b) your principal jurisdiction and industry. For example, if you are a user of financial statements, which regions do you follow or invest in? Please state whether your responses to questions 2–10 are unrelated to your principal jurisdiction or industry.
2(a)	In your experience: (i) to what extent does applying paragraphs 10–14 and B11–B13 of IFRS 10 enable an investor to identify the relevant activities of an investee? (ii) are there situations in which identifying the relevant activities of an investee poses a challenge, and how frequently do these situations arise? In these situations, what other factors are relevant to identifying the relevant activities?
2(b)	In your experience: (i) to what extent does applying paragraphs B26–B33 of IFRS 10 enable an investor to determine if rights are protective rights? (ii) to what extent does applying paragraphs B22–B24 of IFRS 10 enable an investor to determine if rights (including potential voting rights) are, or have ceased to be, substantive?
2(c)	In your experience: (i) to what extent does applying paragraphs B41–B46 of IFRS 10 to situations in which the other shareholdings are widely dispersed enable an investor that does not hold a majority of the voting rights to make an appropriate assessment of whether it has acquired (or lost) the practical ability to direct an investee's relevant activities? (ii) how frequently does the situation in which an investor needs to make the assessment described in question 2(c)(i) arise? (iii) is the cost of obtaining the information required to make the assessment significant?

Appendix A—Questions in the Request for Information *continued...*

Table A1—Questions in the Request for Information	
Number	**Questions in the Request for Information**
3(a)	In your experience: (i) to what extent does applying the factors listed in paragraph B60 of IFRS 10 (and the application guidance in paragraphs B62–B72 of IFRS 10) enable an investor to determine whether a decision maker is a principal or an agent? (ii) are there situations in which it is challenging to identify an agency relationship? If yes, please describe the challenges that arise in these situations. (iii) how frequently do these situations arise?
3(b)	In your experience: (i) to what extent does applying paragraphs B73–B75 of IFRS 10 enable an investor to assess whether control exists because another party is acting as a de facto agent (ie in the absence of a contractual arrangement between the parties)? (ii) how frequently does the situation in which an investor needs to make the assessment described in question 3(b)(i) arise? (iii) please describe the situations that give rise to such a need.
4(a)	In your experience: (i) to what extent does applying the definition (paragraph 27 of IFRS 10) and the description of the typical characteristics of an investment entity (paragraph 28 of IFRS 10) lead to consistent outcomes? If you have found that inconsistent outcomes arise, please describe these outcomes and explain the situations in which they arise. (ii) to what extent does the definition and the description of typical characteristics result in classification outcomes that, in your view, fail to represent the nature of the entity in a relevant or faithful manner? For example, do the definition and the description of typical characteristics include entities in (or exclude entities from) the category of investment entities that in your view should be excluded (or included)? Please provide the reasons for your answer.
4(b)	In your experience: (i) are there situations in which requiring an investment entity to measure at fair value its investment in a subsidiary that is an investment entity itself results in a loss of information? If so, please provide details of the useful information that is missing and explain why you think that information is useful. (ii) are there criteria, other than those in paragraph 32 of IFRS 10, that may be relevant to the scope of application of the consolidation exception for investment entities?

Appendix A—Questions in the Request for Information *continued...*

Table A1—Questions in the Request for Information

Number	Questions in the Request for Information
5(a)	In your experience: (i) how frequently do transactions, events or circumstances arise that: (a) alter the relationship between an investor and an investee (for example, a change from being a parent to being a joint operator); and (b) are not addressed in IFRS Accounting Standards? (ii) how do entities account for these transactions, events or circumstances that alter the relationship between an investor and an investee? (iii) in transactions, events or circumstances that result in a loss of control, does remeasuring the retained interest at fair value provide relevant information? If not, please explain why not, and describe the relevant transactions, events or circumstances.
5(b)	In your experience: (i) how do entities account for transactions in which an investor acquires control of a subsidiary that does not constitute a business, as defined in IFRS 3 *Business Combinations*? Does the investor recognise a non-controlling interest for equity not attributable to the parent? (ii) how frequently do these transactions occur?
6	In your experience: (a) 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? Please provide a description of the features of these collaborative arrangements, including whether they are structured through a separate legal vehicle. (b) how do entities that apply IFRS Accounting Standards account for such collaborative arrangements? Is the accounting a faithful representation of the arrangement and why?
7	In your experience: (a) how frequently does a party to a joint arrangement need to consider other facts and circumstances to determine the classification of the joint arrangement after having considered the legal form and the contractual arrangement? (b) to what extent does applying paragraphs B29–B32 of IFRS 11 enable an investor to determine the classification of a joint arrangement based on 'other facts and circumstances'? Are there other factors that may be relevant to the classification that are not included in paragraphs B29–B32 of IFRS 11?

Appendix A—Questions in the Request for Information *continued...*

Table A1—Questions in the Request for Information

Number	Questions in the Request for Information
8	In your experience: (a) to what extent does applying the requirements in IFRS 11 enable a joint operator to report its assets, liabilities, revenue and expenses in a relevant and faithful manner? (b) are there situations in which a joint operator cannot so report? If so, please describe these situations and explain why the report fails to constitute a relevant and faithful representation of the joint operator's assets, liabilities, revenue and expenses.
9	In your experience: (a) to what extent do the IFRS 12 disclosure requirements assist an entity to meet the objective of IFRS 12, especially the new requirements introduced by IFRS 12 (for example the requirements for summarised information for each material joint venture or associate)? (b) do the IFRS 12 disclosure requirements help an entity determine the level of detail necessary to satisfy the objective of IFRS 12 so that useful information is not obscured by either the inclusion of a large amount of detail or the aggregation of items that have different characteristics? (c) what additional information that is not required by IFRS 12, if any, would be useful to meet the objective of IFRS 12? If there is such information, why and how would it be used? Please provide suggestions on how such information could be disclosed. (d) does IFRS 12 require information to be provided that is not useful to meet the objective of IFRS 12? If yes, please specify the information that you consider unnecessary, why it is unnecessary and what requirements in IFRS 12 give rise to the provision of this information.
10	Are there matters not addressed in this Request for Information, including those arising from the interaction of IFRS 10 and IFRS 11 and other IFRS Accounting Standards, that you consider to be relevant to this Post-implementation Review? If so, please explain the matter and why you think it should be addressed in the Post-implementation Review.

Appendix B—How evidence was gathered

Public consultation through a Request for Information

In December 2020, the IASB published a Request for Information for public comment. The Request for Information was open for comment until 10 May 2021. The IASB received 84 comment letters, which are available on the IFRS Foundation's website.

Respondents to the Request for Information represented various stakeholder groups:

Table B1—Respondents by stakeholder type		
Type of respondent	**Number of respondents**	**Percentage of respondents (%)**
Academics	2	3
Accounting firms	7	8
Preparers and industry organisations	28	33
Professional accountancy bodies	16	19
Regulators and government agencies	5	6
Standard-setters	22	26
Users of financial statements	4	5
Total	**84**	**100**

Respondents to the Request for Information represented different geographical regions:

Table B2—Respondents by geographical region		
Geographical region	**Number of respondents**	**Percentage of respondents (%)**
Global	9	11
Africa	6	7
Asia	18	21
Europe	36	43
Latin America and the Caribbean	7	8
North America	3	4
Oceania	5	6
Total	**84**	**100**

Appendix B—How evidence was gathered

continued...

Stakeholder engagement

In the second phase of the Post-implementation Review, IASB members and technical staff participated in more than 35 stakeholder-engagement events, including discussion forums, conferences and meetings with individuals. Some of the events were facilitated by standard-setters or professional accountancy bodies.

The IASB also consulted with users of financial statements, with a focus on understanding users' views on the information disclosed in accordance with IFRS 12.

The events included various stakeholder groups:

Table B3—Participants by stakeholder type		
Type of participant	**Number of events**	**Percentage of events (%)**
Academics	2	5
Accounting firms	5	14
Preparers and industry organisations	3	8
Professional accountancy bodies	2	5
Regulators and government agencies	5	14
Standard-setters	11	30
Users of financial statements	9	24
Total	**37**	**100**

The events included participants from various geographical regions:

Table B4—Participants by geographical region		
Geographical region	**Number of events**	**Percentage of events (%)**
Global	9	24
Africa	4	11
Asia	6	17
Europe	10	27
Latin America and the Caribbean	2	5
North America	4	11
Oceania	2	5
Total	**37**	**100**

Appendix B—How evidence was gathered

continued...

Review of academic research

The IASB reviewed academic research using the databases Google Scholar, the Social Science Research Network, LexisNexis and EBSCO Business Complete. The IASB searched these databases using a set of keywords based on areas within the scope of the Post-implementation Review. The IASB examined both published and unpublished manuscripts identified from the search.

The review of academic research was conducted in two phases and discussed at the IASB meetings in:

- April 2020, in the first phase of the Post-implementation Review; and
- July 2021, in the second phase of the Post-implementation Review, when an updated review was presented.

The review of academic research identified 11 studies within the scope of the Post-implementation Review—of which 10 were published in academic journals and one was unpublished.

The findings from the academic research included:

- mixed evidence on whether implementing IFRS 10 resulted in an entity changing its assessment of whether it controlled an investee;
- mixed evidence on whether IFRS 11 improved relevance and comparability in the accounting for joint arrangements; and
- limited evidence on IFRS 12.

Additional research

The IASB supplemented the academic research by conducting a limited desk-based review of financial statements focusing on disclosures provided in accordance with IFRS 12. The objective of the review was to provide evidence on whether the disclosure objective of IFRS 12 has resulted in improved information for users of financial statements.

The findings from the research helped with developing materials for discussion during meetings with stakeholders, especially in meetings with users.

Appendix C—Feedback summary and the IASB's responses

Matters the IASB assessed as low priority

Subsidiaries that are investment entities

Table C1—Question 4(b) of the Request for Information	
Feedback	**Response**
Question 4(b) of the Request for Information asked whether useful information is lost when an investment entity measures at fair value its investment in a subsidiary that is itself an investment entity. Respondents generally supported the IASB's view that fair value information is the most relevant information for investment entities. However, some respondents said information is lost when an investment entity parent measures an investment entity subsidiary at fair value, including information on: • investments held by the subsidiary, for example, information on fair value and changes in the fair value of these investments; • other assets and liabilities held by the subsidiary, such as cash balances and borrowings; and • investment-related services provided by the subsidiary, for example, revenue and the cost of the services. The IASB observed that some investment entity parents voluntarily disclose this information.	The IASB observed that: • information is lost only for investment entities with multi-layered structures; and • information loss can be compensated for by voluntary disclosure. If identified as a priority in the next agenda consultation, the IASB could either: • research and consider developing disclosure requirements for subsidiaries that are investment entities themselves; or • reconsider which subsidiaries an investment entity parent consolidates, and which subsidiaries are measured at fair value.

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB assessed as low priority

Transactions that change the relationship between an investor and an investee

Table C2—Question 5(a) of the Request for Information	
Feedback	**Response**
Question 5(a) of the Request for Information asked for feedback on the frequency of transactions that alter the relationship between an investor and an investee and are not addressed in IFRS Accounting Standards, and how entities account for the transactions. Respondents discussed transactions involving: • a subsidiary becoming a joint operation; • a joint venture becoming a joint operation; • changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (the parent might reclassify goodwill between equity interest attributable to the parent and non-controlling interest, which affects the subsequent impairment assessment of the goodwill); and • an entity becoming a party to a joint operation without joint control.	The IASB considered: • IFRS Accounting Standards do not provide requirements for all transactions that alter the relationship between an investor and an investee; and • respondents to the Request for Information had mixed views on the frequency of those transactions IFRS Accounting Standards do not provide requirements for. If identified as a priority in the next agenda consultation, the IASB could either: • provide requirements for transactions if they are found to arise frequently; or • explore the feasibility of identifying principles for transactions that alter the relationship between an investor and an investee.

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB assessed as low priority

Transactions that involve 'corporate wrappers'

Table C3—Question 5(b) and question 10 of the Request for Information	
Feedback	**Response**
Question 5(b) of the Request for Information asked how entities account for transactions in which an investor acquires control of a subsidiary that does not constitute a business. Question 10 asked if there were other matters, not specified in the Request for Information, that respondents considered to be relevant to the Post-implementation Review. Respondents to these two questions asked if the accounting outcome for transactions that are structured through 'corporate wrappers' to achieve particular purposes—for example, tax, legal or regulatory purposes—should differ from the accounting outcome for similar transactions that are structured without 'corporate wrappers'.	The IASB was concerned it might not be able to successfully resolve this matter within the scope of IFRS 10, particularly as the matter extends beyond the scope of this Post-implementation Review. For example, the matter might also affect IFRS 15 *Revenue from Contracts with Customers* or IFRS 16 *Leases*. The structure of 'corporate wrappers' also depends on jurisdictional laws and/or regulations. Therefore, identifying matters to be addressed by the IASB could require substantial resources for both the IASB and its stakeholders. If identified as a priority in the next agenda consultation, the IASB could either: • research whether it is appropriate and, if so, whether it is possible to develop a principle for transactions that involve 'corporate wrappers'; or • focus only on particular transactions that involve 'corporate wrappers'.

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB assessed as low priority

Collaborative arrangements outside the scope of IFRS 11

Table C4—Question 6 of the Request for Information	
Feedback	**Response**
Question 6 of the Request for Information asked whether collaborative arrangements outside the scope of IFRS 11 were widespread and how entities apply IFRS Accounting Standards to such collaborative arrangements. Respondents said such collaborative arrangements are commonplace in: • the extractive industry; • the real estate industry; • the pharmaceutical industry; • the entertainment industry; and • the telecommunications industry. Most respondents said entities determine accounting policies by analogy to the requirements for joint operations in IFRS 11. Some respondents said some entities apply the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*.	The IASB noted that collaborative arrangements are only commonplace in some industries. If identified as a priority in the next agenda consultation, the IASB could research whether there is a group of collaborative arrangements, outside the scope of IFRS 11, with common features (a homogeneous group). If there is a homogeneous group of collaborative arrangements, the IASB could assess whether IFRS Accounting Standards provide guidance for those arrangements and if standard-setting is needed.

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB assessed as low priority

Additional disclosures about interests in other entities

Table C5—Question 9 of the Request for Information

Feedback	Response
Question 9 of the Request for Information asked to what extent the disclosure requirements in IFRS 12 help an entity to meet the Standard's disclosure objective. Respondents generally agreed that the IFRS 12 disclosure requirements enable an entity to meet the Standard's disclosure objective. However, many users (particularly in meetings) requested additional information on: • management's significant judgements and assumptions; • subsidiaries with material non-controlling interests; • unconsolidated structured entities; • information on joint ventures and associates by operating segment, including line items, such as the revenue of joint ventures; and • joint operations.	The IASB acknowledged users' requests for additional disclosure on interests in other entities. However, it also noted that, in developing additional disclosure requirements, it would need to assess the costs of implementing the new requirements and the benefits of the additional information. Because the IASB concluded that entities can meet the disclosure objective of IFRS 12, it assessed the matter to be of low priority. If identified as a priority in the next agenda consultation, the IASB could assess whether there is a need to improve the disclosure requirements for interests in other entities.

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB decided to take no further action on

Assessing control

Table C6—Questions 2 and 3 of the Request for Information	
Feedback	**Response**
Questions 2 and 3 of the Request for Information asked for information on the requirements for assessing whether an investor controls another entity. Most respondents agreed that applying the requirements in IFRS 10 enables an investor to assess whether it controls an investee—in particular, an investor can: • identify the investee's relevant activities; • decide whether rights held by the investor or other investors are substantive; • decide whether rights held by the investor or other investors are protective; • decide whether the investor without a majority of the voting rights controls the investee; • decide whether a decision maker acts as a principal or agent; and • decide whether a non-contractual agency relationship exists. Some respondents provided fact patterns illustrating challenges in assessing elements of the definition of control. Some respondents asked for further guidance to help assess control. However, many respondents acknowledged that assessing control requires judgement.	Because many respondents said an investor can assess whether it controls an investee by applying the requirements in IFRS 10, the IASB decided against acting on matters relating to the definition of control. In developing IFRS 10, the IASB acknowledged that assessing control requires judgement. The extent of the judgement required depends on the complexity of the transaction and can, sometimes, be significant. The IASB acknowledged the requests for further guidance. However, the IASB also acknowledged the need to balance the costs and benefits of developing and implementing new requirements. On balance, the IASB decided that, if stakeholders need further guidance, they are encouraged to submit application questions meeting the submission criteria to the IFRS Interpretations Committee (Committee).

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB decided to take no further action on

Definition of an investment entity

Table C7—Question 4(a) of the Request for Information	
Feedback	**Response**
Question 4(a) of the Request for Information asked whether applying the definition of an investment entity leads to consistent outcomes. Most respondents said applying the definition in paragraph 27 of IFRS 10 and the description of the typical characteristics of an investment entity in paragraph 28 of IFRS 10 leads to consistent outcomes. A few respondents (including those participating in meetings with stakeholders) said there are challenges in applying elements of the definition of an investment entity. Consequently, inconsistent application can arise. The specific elements of the definition mentioned by these respondents include: • how to identify an entity's exit strategy (paragraph B85F of IFRS 10); and • how the business purpose of an entity is compatible with the definition of an investment entity.	The IASB decided to take no further action on this matter. The IASB acknowledged that judgement is required when assessing whether an entity is an investment entity. However, as supported by most respondents, the IASB concluded that the requirements in IFRS 10 adequately enable entities to decide if an entity is an investment entity.

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB decided to take no further action on

Classifying joint arrangements

Table C8—Question 7 of the Request for Information	
Feedback	**Response**
Question 7 of the Request for Information asked whether a party to a joint arrangement can determine the classification of a joint arrangement based on other facts and circumstances. Most respondents said applying paragraphs B29–B32 of IFRS 11 enables an investor to determine the classification of a joint arrangement based on other facts and circumstances. However, some respondents reported challenging situations they encountered when classifying joint arrangements based on other facts and circumstances. For example, having to determine whether a joint arrangement can be classified as a joint operation when the life of the arrangement is longer than the life of the assets of the arrangement.	The IASB decided to take no further action on this matter. The IASB agreed with most respondents that the requirements of IFRS 11 enable an investor to determine the classification of a joint arrangement based on other facts and circumstances.

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB decided to take no further action on

Accounting for joint operations

Table C9—Question 8 of the Request for Information	
Feedback	**Response**
Question 8 of the Request for Information asked whether applying the requirements in IFRS 11 enables a joint operator to report its assets, liabilities, revenue and expenses in a relevant and faithful manner. Many respondents said it is unclear how IFRS 11 requirements should be applied in a situation in which a joint operator's share of output purchased differs from its ownership interest in the joint operation. Respondents asked: • for the basis on which a joint operator determines its share of jointly held assets and jointly incurred liabilities; and • how an entity accounts for a difference between the amount of assets and liabilities initially recognised and the equity that was initially contributed.	The IASB decided to take no further action, noting that the Committee issued an Agenda Decision on this matter in March 2015—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*. 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 that judgement would, therefore, be needed to determine the appropriate accounting.

Appendix C—Feedback summary and the IASB's responses *continued...*

Matters the IASB decided to take no further action on

Other matters

Table C10—Question 10 of the Request for Information	
Feedback	**Response**
Question 10 of the Request for Information asked whether there are other matters respondents consider to be relevant to the Post-implementation Review. Respondents raised other matters that, in their view, could be relevant to the Post-implementation Review, for example: • elimination of proportionate consolidation; • application questions on the equity method; • put options on non-controlling interests; • non-investment entity parents and their investment entity subsidiaries; • separate financial statements of a joint operation; and • assessing control of a not-for-profit investee.	The IASB decided to take no further action on these matters because: • the matters lack many of the characteristics required to qualify as priorities, in particular: – the matters are not pervasive; – the matters have no substantial consequences; or – the cost of developing and implementing new requirements would outweigh the benefit. • some matters might be addressed by other projects.

Appendix D—Time line of the Post-implementation Review

FIRST PHASE

September 2019–March 2020	Initial consultation with stakeholders and a review of academic research.
April 2020	The IASB decided which matters would be examined further in the Request for Information.
December 2020	Request for Information published.

SECOND PHASE

January–April 2021	Extensive and focused consultation with stakeholders, an update on academic research and a limited desk-based review of financial statements.
May 2021	Request for Information comment deadline—84 comment letters received.
July 2021	Summary of feedback and other evidence presented to the IASB.
October 2021–February 2022	The IASB assessed evidence gathered in the second phase and decided outcomes.
June 2022	The IASB published the Project Report and Feedback Statement.

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