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Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*

Cover Note

Objective

- 1 The objective of the session is to discuss the issues that should be considered by the IASB in the post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* (the PIR).

Background

- 2 In September 2019, the IASB started the PIR. In the first phase, the IASB Staff focuses on identifying and assessing the matters to be included in Request for Information. This should include:
 - (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.
- 3 The first phase is expected to end in 2020. The IASB Staff plans to issue Request for Information (RFI) in H1 2020.

Comment from EFRAG working groups

- 4 In November 2019, EFRAG User Panel discussed the issues related to IFRS 10, IFRS 11, and IFRS 12 with. The main messages provided by EFRAG User Panel members were as follows:
 - (a) There is an area for improving IFRS 12 disclosures regarding measurement, valuation, and economics of non-controlling interest. This could include disclosing material totals e.g. revenues, cash flows, assets, liabilities, and other performance measures split per particular NCI. Moreover, in the cash flow statement, no information about NCI is now presented or disclosed. One of the members mentioned *proportionate EBITDA* to be a good example of voluntary disclosure to present information on NCI;
 - (b) In some sectors e.g. software, electronics, telecommunications, volatility of intangible assets' valuation significantly affects measurement of capital. For that reason, some investments accounted for under IFRS 11 *Joint Arrangements*, require more disclosures/ explanations regarding volatility of measurement of assets and the capital; and

- (c) Regarding the definition of control in IFRS 10, more disclosures with justifications/ explanations why certain investments have been consolidated, and why other not, are needed.

The IASB Staff outreaches

- 5 Agenda Paper 12-02 provides a summary of the feedback recently received by the IASB Staff till November 2019 – see slides 5 to 9 of the Agenda paper. The main recognised areas for further consideration include:
 - (a) Assessing control over an entity;
 - (b) investment entity accounting;
 - (c) Classification and accounting for joint arrangements;
 - (d) Disclosing information regarding unconsolidated structured entities; and
 - (e) Disclosures on significant NCI.
- 6 The IASB Staff also provides an ASBJ presentation on the issues recognised by the AOSSG (see Agenda Paper 12-03).

Questions for EFRAG TEG-CFSS members

- 7 Overall, how do you assess the effects of IFRS 10, IFRS 11 and IFRS 12 in your jurisdiction?
- 8 Are you aware of significant or widespread matters with the application of IFRS 10, IFRS 11 and IFRS 12 in your jurisdiction?
- 9 Are the matters on IFRS 10, IFRS 11 and IFRS 12, the EFRAG Staff have been already informed of, consistent with the feedback from stakeholders in your jurisdiction?
- 10 In your view, which of the aspects brought to the EFRAG Staff's attention so far should be investigated further?
- 11 Do you have suggestions for the EFRAG Secretariat's outreach activities to provide the IASB more detailed input to Request for Information?

Agenda Papers

- 12 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda Paper 12-02 – ASAF paper 03 – PIR IFRS 10 11 12 – for background only; and
 - (b) Agenda Paper 12-03 – ASAF paper 03A - ASBJ - PIR IFRS 10 11 12 – for background only.