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## **Post- implementation Review of IFRS 10, IFRS 11 and IFRS 12 Overview of the Issues Reported Cover Note**

### **Objective**

- 1 The objective of this session is:
  - (a) To provide EFRAG TEG members an overview of issues reported on the Post-implementation Review (PIR) of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* (the PIR);
  - (b) To agree on the list of issues to be provided to the IASB as a response to the IASB's Request for Information (the RFI).

### **Background**

- 2 In May 2011, as a part of new standards on consolidation package, the IASB published IFRS 10, IFRS 11, and IFRS 12 (the Standards), and revised IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and joint Ventures*.
- 3 The IASB introduced in IFRS 10 a single consolidation (control) model. In IFRS 11, compared to withdrawn IAS 31 *Interest in Joint Ventures*, the IASB eliminated the accounting options and introduced the classification, and accounting, of joint arrangements based on rights and obligations. In IFRS 12, the IASB introduced combined and enhanced disclosure requirements.
- 4 In the European Union, the effective date of the Standards was delayed from 1 January 2013 to 1 January 2014.
- 5 Following the publication of the Standards, the IASB issued the following amendments to the Standards:
  - (a) in June 2012, *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*, amendments to IFRS 10, IFRS 11 and IFRS 12;
  - (b) in October 2012, *Investment Entities*, Amendments to IFRS 10, IFRS 12 and IAS 27;
  - (c) in December 2014, *Investment Entities: Applying the Consolidation Exception*, amendments to IFRS 10, IFRS 12 and IAS 28;
  - (d) In September 2014, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, amendments to IFRS 10 and IAS 28.
- 6 In April 2019, the IASB initiated the PIR, with the following phases:
  - (a) In Phase 1: to initially identify and assess the matters to be examined in further phases of the PIR.
  - (b) In Phase 2: to publish the RFI based on the initial input, to collect responses, and to submit the input to the IASB.
  - (c) Finally, the IASB planned to publish a feedback statement presenting the IASB's findings and a set out of the future steps to take, as a result of the PIR.

- 7 The PIR does not cover revised IAS 27 or revised IAS 28. It neither covers the areas on the interaction of the Standards under review with other IFRS Standards. Nevertheless, the IASB may decide to amend those standards in response to the feedback received during the comment period.
- 8 The IASB published the RFI on 9 December<sup>o</sup>2020. The responses to the RFI are invited by 10 May 2021.

### Key discussion point

- 9 The only discussion point is to agree on the list of issues to be reported to the IASB.
- 10 Important to note in this respect is that, in replying to a PIR, EFRAG does not take a position on issues raised, contrary to what is done by some other stakeholders. This clarifies the absence of assessments in the paper.
- 11 In the large majority of cases information on prevalence is lacking.

### Outreach Activities of the EFRAG Secretariat

- 12 Following the publication of the Request of Information, the EFRAG Secretariat has consulted the following working groups and participated in a number of meetings of in order to collect information on issues that are to be considered by the IASB during the PIR.

EFFAS conference	1 March 2021
IASB - Capital Markets Advisory Committee	11 March 2021
Accountancy Europe meeting	16 March 2021
IASB – Accounting Standards Advisory Forum (and the relevant CFSS meeting)	18-19 March 2021
European Accounting Association workshop	26 March 2021
Call with EPRA representatives	14 April 2021
ASCG webinar	20 April 2021
EFRAG User Panel and EFRAG TEG meeting	21 April 2021
ANC dedicated working group	22 April 2021
Norwegian outreach event	29 April 2021

- 13 Moreover, the EFRAG Secretariat has launched a public questionnaire on the PIR of IFRS 10, IFRS 11 and IFRS 12. We have received four responses from European constituents. During the consultation period, four podcasts have been published to raise awareness of the consultation.

### Next steps

- 14 To submit the list of issues to the IASB.

#### Question to EFRAG TEG

- 15 Do EFRAG TEG members have comments on the reported issues?
- 16 Does EFRAG TEG think that issue 2.7 should be kept on the list as it refers to an inconsistency between European legislation and IFRS (not IFRS in isolation)?

### Agenda Papers

- 17 In addition to this cover note, agenda paper 08-02 – *Overview of the issues reported* – has been provided for the session.