Invitation to Comment:

IASB’s *Request for Information* Post-implementation Review IFRS 10, IFRS 11 and IFRS 12

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| Deadline for completion of this Request for Information:  Close of business 5 May 2021  Please submit to: [PIR10-12@endorsement-board.uk](mailto:PIR10-12@endorsement-board.uk) |

Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the IASB’s Request for Information on the Post-Implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*.

Who should respond to this Request for Information?

Stakeholders with an interest in the quality of accounts that apply IFRS.

How to respond to this Request for Information

Please download this document, answer any questions on which you would like to provide views, and return to [PIR10-12@endorsement-board.uk](mailto:PIR10-12@endorsement-board.uk) by close of business on 5 May 2021.

Responses or comments to any or all of the questions listed in Part B are very welcome; you do not necessarily need to answer every question.

The UK Endorsement Board

Following the UK’s exit from the European Union, the Department for Business, Energy and Industrial Strategy (BEIS) has set up the UK Endorsement Board (UKEB) to fulfil statutory functions of influencing the development and subsequent adoption of International Accounting Standards for use in the UK. The UKEB secretariat has begun influencing activities in preparation for the delegation of those statutory functions to the UKEB. This Invitation to Comment forms part of those influencing activities and is intended to contribute to the UKEB’s due process. The views expressed by the UKEB secretariat in this document are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended International Accounting Standards to be provided to the Secretary of State or the UKEB, once powers have been delegated.

Privacy and other policies

The data collected through submitting this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and endorsing IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)[[1]](#footnote-1).

The UKEB’s policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published please provide UKEB with an unsigned version of your submission. The UKEB prefer to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the “Your Details” document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other document submitted; therefore, only information that you wish to be published should be submitted in such responses.

Questions

IFRS 10- Consolidated Financial Statements

*Whether the requirements in IFRS 10 are working effectively*

1. Do you support the view that the requirements in IFRS 10 produce financial statements that faithfully portray the entity’s financial position and performance, and that this information helps users of financial statements make informed economic decisions? Please explain why or why not.

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*Relevant activities of the investee*

1. Do you support the view that the standard and guidance work effectively to allow the identification of relevant activities? (Draft comment letter, appendix 2, paragraph A3). Please explain why or why not.

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*Determining whether rights are substantive*

1. Do you support the view that the standard and guidance work effectively to enable the determination of whether rights are substantive? (Draft comment letter, appendix 2, paragraph A8). Please explain why or why not.

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*Assessing control when other shareholdings are widely dispersed*

1. Do you support the view that the standard and guidance work effectively to allow the assessment of control when other shareholdings are dispersed? (Draft comment letter, appendix 2, paragraph A9). Please explain why or why not.

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1. Do you support the recommendation that additional guidance is developed in paragraph B90 of IFRS 10 (i.e. when an investor has an option to buy shares held by the non-controlling interest)? (Draft comment letter, appendix 2, paragraph A12). Please explain why or why not.

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*Definition and typical characteristics of an investment entity*

1. Do you agree with the view that applying the definition of an investment entity in paragraph 27 of IFRS 10 and considering the characteristics of an investment entity in paragraph 28 of IFRS 10 leads to consistent outcomes? (Draft comment letter, appendix 2, paragraph A19). Please explain why or why not and indicate if any characteristics are missing in paragraph 28 of IFRS 10.

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1. Do you support our recommendation that the IASB reviews the requirement to disclose the rationale for concluding it is an investment entity in the absence of the typical characteristics, even though the criteria are met? (Draft comment letter, appendix 2, paragraph A20). Please explain why or why not.

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*Requiring an investment entity to measure at fair value its investment in a subsidiary that is an investment entity itself*

1. Do you agree with our conclusion that think that requiring an investment entity to measure at fair value its investment in a subsidiary (that is an investment entity itself) in paragraph 31 of IFRS 10 does not result in a loss of information? (Draft comment letter, appendix 2, paragraph A21). Please explain why or why not and provide specific examples.

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*Accounting for transactions that alter the relationship between an investor and an investee*

1. Do you support the view that further guidance is needed in IFRS 10 to determine the value of a non-controlling interest when a subsidiary is partly owned by an associate of the parent? (Draft comment letter, appendix 2, paragraph A24 (a)). Please explain why or why not and provide specific examples.

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1. Do you support the view that further guidance is needed in IFRS 10 to account for incremental costs directly attributable to changes in ownership interests? (Draft comment letter, appendix 2, paragraph A24(b)). Please explain why or why not and provide specific examples.

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*Accounting for transactions in which an investor acquires control of a subsidiary that does not constitute a business, as defined in IFRS 3 Business Combinations*

1. Do you think that there is divergent practice in the accounting for the acquisition of controlling interest of a subsidiary that does not constitute a business? (Draft comment letter, appendix 2, paragraph A25).

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1. Do you agree with our recommendation that the IASB undertakes a separate project to explore the divergent practice in this area with the aim of improving consistency and comparability, and providing faithful representation? (Draft comment letter, appendix 2, paragraph A28). If so, please explain why.

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*IFRS 11- Joint Arrangements*

*Whether the requirements in IFRS 11 are working effectively*

1. Do you support the view that the requirements in IFRS 11 produce financial statements that faithfully portray the entity’s financial position and performance, and that this information helps users of financial statements make informed economic decisions? Please explain why or why not.

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*Collaborative arrangements outside the scope of IFRS 11*

1. How widespread are collaborative arrangements outside the scope of IFRS 11? (Draft comment letter, appendix 2, paragraph A31). Please explain your answer.

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1. Can you describe any specific features of collaborative arrangements outside the scope of IFRS 11? (Draft comment letter, appendix 2, paragraph A31) If so, please describe them.

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1. Do you support the view that a collaborative arrangement outside the scope of IFRS 11 is accounted for by applying the relevant IFRS Standards and that this accounting is a faithful representation of the arrangement? (Draft comment letter, appendix 2, paragraph A35). If not, please explain why.

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*Assessment of ‘other facts and circumstances’ in paragraphs B31–B32 of IFRS 11 to determine the classification of a joint arrangement*

1. Do you support the view that the guidance on ‘other facts and circumstances’ is sufficient? (Draft comment letter, appendix 2, paragraph A40). If not, please explain why and define what guidance you would like to see (i.e. that would lead an entity to conclude that a joint arrangement is a joint operation).

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*Accounting for joint operations*

1. Do you support the view that the requirements in paragraphs 20–22 of IFRS 11 enable a joint operator to report in a relevant and faithful manner its assets, liabilities, revenue and expenses? (Draft comment letter, appendix 2, paragraph A41). If not, please explain why.

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*IFRS 12- Disclosures of Interests in Other Entities*

*Whether the disclosure requirements in IFRS 12 are working effectively*

1. Do you support the view that the disclosure requirements in IFRS 12 produce financial statements that faithfully portray the entity’s financial position and performance, and that this information helps users of financial statements make informed economic decisions? Please explain why or why not

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*Additional guidance on aggregation/disaggregation*

1. Do you support the view that additional guidance is needed in paragraph B2 of IFRS 12 on principles of aggregation/disaggregation to help entities disclose information with the level of detail that would meet users’ needs? (Draft comment letter, appendix 2, paragraph A43). If so, please explain why.

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*Additional disclosures for subsidiaries with material non-controlling interests*

1. Do you support the view to require additional information about subsidiaries with material non-controlling interests in paragraph B10 of IFRS 12? (Draft comment letter, appendix 2, paragraph A45). If so, please explain why.

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*Additional information for immaterial associates and joint ventures which are material in the aggregate*

1. Do you support the view that disclosure requirements for immaterial joint ventures and associates that are material in the aggregate should be developed? (Draft comment letter, appendix 2, paragraph A47). If so, please explain why.

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*Reconciliation for material joint ventures and associates*

1. Do you support the view to require specific components in the reconciliation for material joint ventures and associates in paragraph B14(b) of IFRS 12? (Draft comment letter, appendix 2, paragraph A50). If so, please explain why.

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*Additional information for material joint ventures and associates*

1. Do you support the view to require the disclosure of additional line items for material joint ventures and associates in paragraphs B12–B13 of IFRS 12? (Draft comment letter, appendix 2, paragraph A51). If so, please explain why.

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Other topics

*Interaction with IFRS 8 Operating Segments*

1. Do you support the view that a segment disclosure note that combines information about the reporting entity’s consolidated results (i.e. revenue and net profit or loss) along with information about the reporting entity’s share in their material joint ventures and associates should be required? (Draft comment letter, appendix 2, paragraph A53). If so, please explain why.

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*Interaction with IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases*

1. Do you support the view that additional guidance and/or additional illustrative examples should be provided to clarify the interaction between IFRS 11 and IFRS 16 when a joint arrangement is within the scope of IFRS 16, and between IFRS 11 and IFRS 15 when a joint arrangement is within the scope of IFRS 15? (Draft comment letter, appendix 2, paragraphs A57–A58). If so, please explain why.

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Thank you for completing this Invitation to Comment

1. These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk> [↑](#footnote-ref-1)