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Post-implementation Review of IFRS 10, IFRS 11, and IFRS 12 Towards a Response to the IASB Request for Information Cover Note

Objective of the session

- 1 This session has two objectives:
 - (a) to provide EFRAG TEG members with an update on the IASB's project 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) to collect comments and views regarding whether the list of the issues identified by the IASB for the RFI is complete and relevant for European jurisdictions.
- 2 The paper for this session (Agenda Paper 02-02) identifies a range of issues resulting from discussions at the EFRAG Board, EFRAG TEG and Working Groups meetings based on the issues that have been considered by the IASB when preparing its Request for Information (the RFI).
- 3 The resulting proposed project plan, including the plan of outreaches, will be included in the papers for the December EFRAG TEG meeting. The IASB is expected to approve the comment period in its November meeting.

Project - background

- 4 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).
- 5 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.
- 6 In the European Union, the effective date of the Consolidation Package was delayed by one year to 1 January 2014.
- 7 Following the publication of the Consolidation Package, the IASB issued the following amendments to the Standards included in the Consolidation Package:
 - (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 September 2014, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, amendments to IFRS 10 and IAS 28;
 - (d) in December 2014, *Investment Entities: Applying the Consolidation Exception*, amendments to IFRS 10, IFRS 12 and IAS 28 (in response to criticism of the amendments issued in October 2012).
- 8 In April 2019, the IASB initiated the post-implementation review process of IFRS 10, IFRS 11, and IFRS 12 with the following phases:
- (a) Phase 1 with the aim to identify and assess the matters to be examined in the PIR;
 - (b) Phase 2 will commence with publication of a request for Information (the RFI) and will consider the evidence gathered from Phase 1; the RFI is expected in December 2020;
 - (c) Finally, the IASB will publish a feedback statement presenting the IASB's findings and the steps it plans to take, if any, as a result of the PIR.
- 9 In April 2020, the IASB Staff presented the preliminary results of Phase 1 of their project. They proposed that the RFI will focus on several identified implementation issues from IFRS 10, IFRS 11, and IFRS 12:
- 10 At that meeting, the IASB decided the PIR would not cover the revised IAS 27 or revised IAS 28. However, the IASB may decide to amend those standards in response to the feedback received during the PIR.
- 11 The IASB also decided that PIR would not cover the interaction of IFRS 10, IFRS 11 and IFRS 12 with other IFRS Standards.

Agenda Papers

- 12 In addition to this cover note, Agenda Paper 02-02 – *Issues Paper* has been uploaded for the session.