

IFRS Developments

IASB concludes Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12

What you need to know

- ▶ The IASB has issued *Project Report and Feedback Statement: Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12*
- ▶ This summarises the IASB's conclusions on the PIR
- ▶ The IASB concluded that the standards are working as intended

Highlights

The International Accounting Standards Board (the IASB or the Board) has concluded the Post-implementation Review (PIR) of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*.

On 20 June 2022, the IASB issued *Project Report and Feedback Statement: Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12*. This summarises the IASB's conclusions on the PIR and the outcomes of the review.

A PIR is part of the IASB's due process to assess the effect of the requirements of a standard on users and preparers of financial statements and is undertaken some time after the standard has become effective. IFRS 10, IFRS 11 and IFRS 12 were effective for annual reporting periods beginning on or after 1 January 2013. In December 2020, the IASB issued a Request for Information as part of the PIR, seeking feedback on applying the standards and information provided to users of financial statements.

Background

When the IASB issued IFRS 10, IFRS 11 and IFRS 12, its objectives were to:

- ▶ Develop a single basis for consolidation and robust guidance for applying that basis to situations in which it proved difficult for an entity to assess control
- ▶ Address two features of the previous accounting for joint arrangements that were seen as impediments to high quality reporting:
 - ▶ The structure of the joint arrangement was the sole determinant of the accounting for that arrangement
 - And
 - ▶ An entity could choose the accounting treatment for interests in jointly controlled entities
- ▶ Enable users of financial statements to evaluate the nature of, and risks associated with, an investor's interests in other entities, including joint arrangements, associates and structured entities

Conclusions

Feedback from stakeholders and research undertaken as part of the PIR has shown that the requirements set out in the standards are working as intended and that application of the requirements has not given rise to unexpected costs.

The feedback received did raise a number of matters. However, the IASB has determined that none of these matters are a high or medium priority.

The following matters have been determined as low priority. Therefore, the IASB will consider these topics further if they are identified as priorities at the next Agenda Consultation (due to start in 2026):

- ▶ 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
- ▶ Additional disclosures about interests in other entities

Therefore, the IASB decided that no further action is required as a result of the PIR. If stakeholders require further guidance, they are encouraged to submit questions to the IFRS Interpretations Committee, provided that these questions meet the submission criteria.

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How we see it

The Post-implementation Review shows that IFRS 10, IFRS 11 and IFRS 12 are working as intended. To the extent that stakeholders require further guidance, we encourage submissions to the IFRS Interpretations Committee.