

IFRS 11: Application Issues and Process of IFRS Interpretations Committee

Extract, IFRS Discussion Group Report on Meeting – September 11, 2014

The IFRS Interpretations Committee has had numerous discussions over the past year on implementation issues relating to IFRS 11 *Joint Arrangements*. Since November 2013, the IFRS Interpretations Committee has discussed this topic in five separate meetings.

The following are some of the implementation issues discussed by the IFRS Interpretations Committee:

- whether an assessment of “other facts and circumstances” should take into account facts and circumstances that do not involve contractual and (legal) enforceable terms;
- how the parties to a joint operation should recognize assets, liabilities, revenues and expenses, especially if the parties’ interests in the assets and liabilities differ from their ownership interest in the joint operation; and
- the accounting by a joint operation that is a separate vehicle.

In September 2014, the staff of the IFRS Interpretations Committee produced an agenda paper titled “[Summary of Discussion](#)” that summarizes all the IFRS 11 issues that have been discussed to date, including the related status of those discussions. The IFRS Interpretations Committee will be considering its next steps with regard to various issues relating to IFRS 11 during its September 16-17, 2014 meeting.

Although the staff’s agenda papers and discussions from IFRS Interpretations Committee meetings do not form authoritative guidance, they sometimes provide useful insights that individuals may look to in addressing IFRS 11 implementation issues that arise in practice. Tentative agenda decisions, once published in an “IFRIC Update”, are open to public comment and, therefore, are subject to a more robust process of review prior to finalization.

The Group’s Discussion

The Group received an update on next steps regarding various IFRS 11 application issues the IFRS Interpretations Committee has discussed to date. The Interpretations Committee intends to consolidate all its agenda decisions relating to IFRS 11 and prepare separate summaries for each topic in order to provide clarity on the application issues. The IFRS Interpretations Committee concluded it would not continue discussions on this topic until the completion of the IFRS 11 post-implementation review project expected to be undertaken by the IASB sometime next year.

Group members exchanged some observations on existing Canadian practice for some of the IFRS 11 application issues but noted that stakeholders should be aware that this remains an evolving area of practice.

The Group's discussion led to questions on how to consider the IFRS Interpretations Committee's agenda decisions, which are non-authoritative. Group members observed that it may be too early to comment on the implications for stakeholders of concluding differently from IFRS Interpretations Committee agenda decisions.

The Group recommended, as a future agenda topic, a more robust discussion of the IFRS Interpretations Committee process, including how stakeholders consider agenda decisions published by the IFRS Interpretations Committee when those decisions do not align with current practice. The Group also encouraged preparers to follow the [activities of the IFRS Interpretations Committee](#) and participate in providing comments to the IFRS Interpretations Committee.