

## STAFF PAPER

14 July 2015

## IFRS Interpretations Committee Meeting

<b>Project</b>	<b>IFRS 11 <i>Joint Arrangements</i></b>		
<b>Paper topic</b>	Remeasurement of previously held interests		
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This paper has been prepared by the staff for discussion at a public meeting of the IFRS Interpretations Committee. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination. Decisions made by the IFRS Interpretations Committee are reported in *IFRIC Update*. The approval of a final Interpretation by the Board is reported in *IASB Update*.

## Background and purpose

1. The IFRS Interpretations Committee (the ‘Interpretations Committee’) received a request to clarify whether a previously held interest in the assets and liabilities of a joint operation should be remeasured to fair value when an investor’s acquisition of an additional interest results in the investor becoming a joint operator (ie assuming joint control) of the investee.
2. The Interpretations Committee discussed this issue in its meeting in May 2015. It understood that there are different views on whether or not the previously held interests in the assets and liabilities of the joint operation should be remeasured and noted that some respondents to the outreach also highlighted other transactions involving previously held interests in which there were different views on whether such interests should be remeasured or not. The Interpretations Committee observed that it would be useful to analyse these other transactions simultaneously with the fact pattern submitted.
3. The Interpretations Committee directed the staff to analyse other transactions involving changes of interest in a business to ascertain where there is a lack of guidance and/or diversity of views in determining whether or not the previously held interests should be remeasured.
4. The purpose of this paper is to identify and highlight such transactions with a view to assist the Interpretations Committee in determining the appropriate scope for the

project. We have also performed outreach on some transactions to determine if the transactions are widespread and are creating diversity in practice.

### Structure of the agenda paper

5. This paper is organised as follows:
  - (a) summary and staff recommendation;
  - (b) summary of outreach activities;
  - (c) discussion on particular transactions;
  - (d) recommended scope for the project;
  - (e) questions for the Interpretations Committee;
  - (f) Appendix A—Matrix of transactions involving changes of interest in a business and guidance on the remeasurement of previously held/ retained interests; and
  - (g) Appendix B—Copy of outreach request.

### Summary and staff recommendation

6. In performing our analysis, we identified 14 transactions involving changes of interests for which, in our view, there is a lack of guidance/diversity of views in determining whether or not previously held interests should be remeasured.
7. Based on the discussion and analysis in this paper and the results of the outreach conducted, we recommend that the Interpretations Committee address the accounting for previously held interests in the following transactions:
  - (a) *obtaining control of a joint operation* either from having joint control in a joint operation or being a party to a joint operation prior to the transaction;
  - (b) *loss of control* resulting in the party having joint control in a joint operation or being a party to a joint operation subsequent to the transaction; and
  - (c) *change of interests* resulting in a party to a joint operation obtaining joint control in a joint operation.

8. For the other transactions, our outreach and analysis has indicated that the transactions are either not widespread, are not leading to divergent views in practice, or are the subject of an IASB project which will examine the appropriate accounting for previously held interests.

### Summary of outreach activities

9. Appendix A lists transactions involving changes of interest in a business (as defined in IFRS 3 *Business Combinations*) and identifies transactions involving previously held interests for which there is sufficient guidance versus those for which there appears to be either a lack of guidance and/or diversity of views in determining whether or not the previously held interests should be remeasured. As directed by the Interpretations Committee at its meeting in May 2015, we have analysed transactions involving businesses (as defined in IFRS 3). Our analysis does not extend to transactions not involving businesses.
10. As shown in Appendix A, there are 14 transactions (shaded in yellow) for which, in our view, there is an apparent lack of guidance and/or diversity of views in determining the appropriate accounting for previously held interests. For ease of reference, these transactions have been identified by a transaction reference number on the matrix (TR#1–TR#14).
11. For ease of reference, we have used the term ‘party to a joint operation’ throughout the remainder of this paper to indicate an investment in which a party participates in, but does not have joint control of, a joint operation. The party has rights to the assets and obligations for the liabilities relating to the joint operation. The party therefore accounts for its interests in the arrangement in accordance with the guidance in paragraphs 20–22 of IFRS 11 *Joint Arrangements*. Even though the accounting by a party to a joint operation is similar to that of a party having joint control of a joint operation, we have treated them separately for the purposes of this analysis as the levels of influence exercised in each case is different which may have an impact on the accounting for previously held interests.
12. In order to gather information about the transactions identified as part of our analysis, we sent requests to the International Forum of Accounting Standard-Setters, securities

regulators, global accounting firms and an oil and gas industry group. In particular, we asked whether the transactions identified in the outreach request were common in their jurisdictions, and if so, what the predominant approach for accounting for previously held interests was and if there was any divergence in practice. Please refer to Appendix B for a copy of the outreach request that was sent out and which lists the specific transactions included in the outreach request.

13. We conducted outreach on 12 of the 14 transactions identified in the analysis. We did not conduct outreach on the following two transactions:
  - (a) a transaction involving a change from being a party to a joint operation to having joint control in a joint operation (TR#6). This transaction was part of the original submission on which we have previously conducted outreach. The results of the outreach were presented in our [analysis](#) to the Interpretations Committee in May 2015.
  - (b) a transaction involving a change from an investment in a financial asset to an equity-accounted investee (TR#1). The purpose of this outreach was to understand whether or not the transactions are common and we understand from prior experience that this transaction is fairly common in practice.
14. The views received represent informal opinions and do not reflect the formal views of those organisations.

### ***Responses from national standard-setters***

15. We received 12 responses from national standard-setters. The geographical breakdown for the responses received from the national standard-setters is as follows:

<b>Geographical region</b>	<b>Number of respondents</b>
Asia	4
Europe	4
Americas	2
Oceania	2
Africa	0
<b>Total respondents</b>	<hr/> <b>12</b>

16. Seven respondents indicated that none of the transactions identified were common in their respective jurisdictions.
17. Some respondents noted that their constituents had practical experience with some or all of the following transactions (with experience levels ranging from occasional transactions to being commonly encountered in some industries):
  - (a) *obtaining control of a joint operation* either from having joint control in a joint operation or being a party to a joint operation prior to the transaction (TR#13 and TR#14);
  - (b) *loss of control* resulting in the party having joint control in a joint operation or being a party to a joint operation subsequent to the transaction (TR#7 and TR#12); and
  - (c) *a change of interests* while remaining a party to a joint operation before and after the transaction (TR#11).
18. Based on the responses, we understand that there is diversity in practice in accounting for these transactions, except for TR#11 for which the respondents noted that previously held interests are generally not remeasured.
19. One of the respondents commented that changes in interests from an equity-accounted investee to having joint control in a joint operation and vice versa (TR#5 and TR#2) were common in some industries within their jurisdiction. The particular industries affected by this transaction were not specifically identified. However, the respondent noted that the previously held interests were not remeasured in these transactions and they have not observed diversity in practice within their jurisdiction. They also commented that IFRS 11 provides no guidance on these transaction and they would support the inclusion of further guidance.
20. The respondent also noted that although not explicitly included within the outreach, transactions involving changes from an investment in a financial asset to an equity-accounted investee (TR#1) were very common in practice and they urged providing further guidance in this area.
21. One of the respondents noted that a constituent within its jurisdiction believed that a change in interests from a party to a joint operation to an equity accounted investee

(TR#3) was common and previously held interests were not remeasured in this transaction.

### ***Responses from securities regulators***

22. We received a response from one organisation representing a group of securities regulators. The respondent indicated that they have had limited experience with these transactions as IFRS 11 has been applicable only for a short period of time but are aware of divergent practice in remeasurement of previously held interests from previous experiences with IAS 28 *Investments in Associates and Joint Arrangements*.

### ***Responses from an oil and gas industry group***

23. The response from an oil and gas industry group summarised the views from four oil and gas companies. The response noted that most of the transactions included within the outreach were uncommon other than transactions involving changes of interests from control to having joint control of a joint operation and vice versa (TR#7 and TR#13), which occurred sometimes. The respondent noted that two companies believed that guidance should be provided on all possible changes in ownership even when some of these transactions may be uncommon. One company also noted that there was a strong preference not to revalue any previously held interests.

### ***Responses from accounting networks***

24. We received responses from the global IFRS desks of six accounting networks.
25. One firm believed the transactions were common when considered collectively. However, given IFRS 11 has only been applicable for a limited period of time, it did not have sufficient evidence to comment on the frequency of each transaction with confidence.
26. Almost all the other networks indicated experience with the following transactions:
- (a) *obtaining control of a joint operation* either from having joint control in a joint operation or being a party to a joint operation prior to the transaction (TR#13 and TR#14);

- (b) *loss of control* resulting in the party having joint control in a joint operation or being a party to a joint operation subsequent to the transaction (TR#7 and TR#12); and
  - (c) *a change of interests* while remaining a party to a joint operation before and after the transaction (TR#11).
27. The responses indicated that previously held interests are generally not remeasured in TR#11, but diversity in practice has been observed for the other transactions noted above.
28. One network also indicated experience with a transaction involving a change in interests from having joint control in a joint operation to being a party to a joint operation (TR#10). The respondent noted however, that while this transaction is not rare, it does not believe this to be a common transaction.

### Discussion on particular transactions

29. In this section will examine all 14 transactions identified in Appendix A with a view to recommending whether or not the Interpretations Committee should include these transactions within the scope of its project.
30. We will first examine transactions involving changes of interests to or from equity-accounted investees (significant influence/ joint venture). The IASB currently has a project relating to the equity method of accounting and plans to address the accounting for changes in ownership as part of this project. In this category, we have identified the following transactions:

- (a) from an investment in a financial asset to an equity-accounted investee (TR#1):

Paragraph 10 of IAS 28 *Investments in Associates and Joint Ventures* requires an equity-accounted investee to be recognised at cost. However, ‘cost’ for this purpose is not defined. In July 2009, the Interpretations Committee discussed this issue and clarified that the cost of an investment in an associate at initial recognition determined in accordance with IAS 28 comprises its purchase price and any directly attributable expenditures

necessary to obtain it.<sup>1</sup> This suggests that the accounting should reflect a cost-based approach and that previously held interests should not be remeasured.

However, in July 2010, the Interpretations Committee discussed a request to address the accounting for an investment in an associate when the investment was purchased in stages and was classified as available for sale until it became an associate.<sup>2</sup> The Interpretations Committee acknowledged that there was diversity in practice in accounting for associates purchased in stages and recommended that the issue be referred to the IASB for consideration.

While the specific issue has not yet been discussed by the IASB, we note that it is planning to address the accounting for changes in ownership as part of its project on equity accounting. Therefore, we do not recommend including this transaction within the scope of this project.

- (b) from having joint control in a joint operation, or being a party to a joint operation, to an equity-accounted investee (TR#2 and TR#3):

Paragraph 10 of IAS 28 requires an equity-accounted investee to be recognised at cost. However, cost for this purpose is not defined. We think that similar considerations to those outlined under TR#1 as discussed in paragraph 30(a) would apply to these transactions.

We conducted outreach on these transactions. We note that one respondent commented that TR#2 was common in some industries within its jurisdiction and one respondent noted that one of its constituents thought that TR#3 is common. However, as discussed previously, these respondents did not note any diversity in practice for these transactions. Given feedback from all respondents we do not believe that the transactions are widespread and/or are leading to divergent views in practice. Given this and the IASB's project on equity accounting, we do not recommend including these transactions within the scope of this project.

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<sup>1</sup> <http://www.ifrs.org/Updates/IFRIC-Updates/2009/Documents/IFRIC0907.pdf>

<sup>2</sup> <http://www.ifrs.org/Updates/IFRIC-Updates/2010/Documents/IFRICUpdateJUL10.pdf>



- (c) from an equity-accounted investee to having joint control in a joint operation or to being a party to a joint operation (TR#5 and TR#9):

We do not think that the existing guidance is clear in determining whether the previously held interest needs to be remeasured to determine the cost of the interest in the joint operation. While paragraph 21A of IFRS 11 applies to the accounting for the acquisition of an interest in a joint operation, it is not clear if the principles of IFRS 3 as specified in paragraph 21A should be applied only to the interest being acquired in the subsequent transaction (ie the transaction that triggers the change from equity accounting) instead of the aggregate interest (ie including the previously held interests).

We conducted outreach on these transactions. One respondent noted that TR#5 is common within its jurisdiction but noted that there is no diversity in practice. Based on the results of the outreach, we do not think that these transactions are common and widespread. Given this and the IASB's project on equity accounting, we do not recommend including these transactions within the scope of this project.

31. The next two transactions we examine relate to when an investment in a financial asset changes to having joint control in a joint operation or to being a party to a joint operation (TR#4 and TR#8). In these cases, we believe that the considerations are similar to those described in paragraph 30(c) for transactions involving changes from an equity-accounted investee. We conducted outreach on these transactions and based on the results of the outreach, we do not think these transactions are common and widespread and, accordingly, do not recommend them for inclusion within the scope of this project.
32. We will now examine transactions that involve obtaining or losing control of a business. In this category, we have identified the following transactions:
- (a) obtaining control of a joint operation either from having joint control in a joint operation or being a party to a joint operation prior to the transaction (TR#13 and TR#14):

When an entity obtains control of a joint operation that meets the definition of a business, paragraph 42 of IFRS 3 requires the acquirer to 'remeasure its

previously held equity interest in the acquiree at its acquisition-date fair value ...' (emphasis added).

However, proponents of an alternative view argue that this paragraph only gives explicit guidance for the acquisition of control over a business that is held through an equity interest, as opposed to a business that is held through the rights to assets of the business itself and the obligations for the liabilities of the business itself. Joint operations, instead, may or may not be structured through a separate vehicle. This has led to uncertainty among constituents and has resulted in diversity in practice in the remeasurement of previously held interests.

As noted in [Agenda Paper 8](#) of the Interpretations Committee meeting in May 2015, TR#13 has been discussed in the past by the Interpretations Committee, most recently in its meeting in September 2013.<sup>3</sup> At that meeting, it decided not to address this issue as part of a separate project but to consider it together with other issues that were raised in relation to joint arrangements. In a subsequent meeting in November 2013, this issue was not identified as one of the priority issues to be addressed with regard to the application of the requirements of IFRS 11.<sup>4</sup>

Our outreach has indicated that these transactions are common and widespread. A large number of respondents indicated that TR#13 (from joint control in a joint operation to control) is fairly common and a few have reported TR#14 (from being a party to a joint operation to control) as being common within their jurisdictions as well. Accordingly, we think the Interpretations Committee should include these transactions within the scope of this project.

- (b) loss of control resulting in the party having joint control in a joint operation or being a party to a joint operation subsequent to the transaction (TR#7 and TR#12):

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<sup>3</sup> <http://media.ifrs.org/2013/IFRIC/September/IFRIC-Update-September-2013.pdf>

<sup>4</sup> <http://media.ifrs.org/2013/IFRIC/November/IFRIC-Update-November-2013.pdf>

Paragraph 25 of IFRS 10 provides guidance on the loss of control of a subsidiary and requires an entity to remeasure its retained interest in the former subsidiary. However, a subsidiary is defined as an entity that is controlled by another entity. Some are unclear about whether the guidance would also apply when the joint operation is not structured through a separate entity. From our outreach, we think that there are indications that these transactions may be common and widespread. A large number of respondents noted TR#7 to be fairly common and a few also indicated that TR#12 is also common within their jurisdictions. Accordingly, we recommend that the Interpretations Committee include these transactions within the scope of this project.

33. We will now analyse the remaining transactions that have not been addressed in the preceding paragraphs:

(a) from being a party to a joint operation to having joint control in a joint operation (TR#6):

This transaction was included as the original submission made to the Interpretations Committee and was discussed at the Interpretations Committee's meeting in May 2015.<sup>5</sup> As noted in the analysis (click [here](#) for a copy), there are diverse views on the appropriate accounting for previously held interests and we think that there are indicators that this transaction could be common and widespread. Accordingly, we recommend that the Interpretations Committee should include this transaction within the scope of this project.

(b) from having joint control in a joint operation to being a party to a joint operation (TR#10):

There is no explicit guidance in IFRS 11 to determine whether the remaining interest in this transaction should be remeasured or not. However, from our outreach, we understand that this transaction is not

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<sup>5</sup> <http://media.ifrs.org/2015/IFRIC/May/IFRIC-Update-May.pdf>

common and widespread. Accordingly, we do not recommend including this transaction within the scope of this project.

(c) from being a party to a joint operation to being a party to a joint operation (TR#11):

This is a transaction in which a party to a joint operation might, for example, increase its interest from 10 per cent to 15 per cent in the joint operation but does not have joint control either before or after the transaction. The party has rights to the assets and obligations for the liabilities relating to the joint operation and therefore accounts for its interests in the arrangement in accordance with the guidance in paragraphs 20–22 of IFRS 11 both before and after the transaction. However, there is no explicit guidance in IFRS 11 on whether the previously held interests should be remeasured or not. A few respondents have indicated that this transaction is fairly common in their respective jurisdictions. However, we understand from the responses that previously held interests are generally not remeasured in this instance. Accordingly, we do not think that there is significant diversity of practice in this area and we do not recommend including this transaction within the scope of this project.

### Recommended scope for the project

34. Based on the discussion and analysis in this paper and the results of the outreach conducted, we recommend that the Interpretations Committee address the accounting for previously held interests in the following transactions:
- (a) *obtaining control of a joint operation* either from having joint control in a joint operation or being a party to a joint operation prior to the transaction (TR#13 and TR#14)—see paragraph 32(a);
  - (b) *loss of control* resulting in the party having joint control in a joint operation or being a party to a joint operation subsequent to the transaction (TR#7 and TR#12)—see paragraph 32(b); and

- (c) *change of interests* resulting in a party to a joint operation obtaining joint control in a joint operation (TR#6) —see paragraph 33(a).
35. If the Interpretations Committee agrees with the scope of this project, we will present a paper at a future meeting analysing the accounting for previously held interests in these transactions.

**Questions for the Interpretations Committee**

1. Does the Interpretations Committee agree with our analysis in this paper and the recommended scope for this project?
2. Does the Interpretations Committee think that there are other transactions that should be included in the scope of this project? If so, which particular transactions would the Interpretations Committee like to be included within the scope of the project?

## Appendix A—Matrix of transactions involving changes of interest in a business and guidance on the remeasurement of previously held/ retained interests

<i>To:</i>		Financial asset	Equity-accounted investee (significant influence/joint venture)	Joint operations		Control
<i>From:</i>				Joint control—joint operation	Party to a joint operation*	
Financial asset		Follow guidance in IFRS 9 (note 1)	Guidance not clear (TR#1)	Guidance not clear (TR#4)***	Guidance not clear (TR#8)***	Remeasure – IFRS 3.42**
Equity-accounted investee (significant influence/joint venture)		Remeasure – IAS 28.22 (b) and IFRS 9.5.1.1**	Do not remeasure - IAS 28.24**	Guidance not clear (TR#5)***	Guidance not clear (TR#9)***	Remeasure – IFRS 3.42**
Joint Operations	Joint control—joint operation	Remeasure – IFRS 9.5.1.1**	Guidance not clear (TR #2)***	Do not remeasure – IFRS 11.B33C	Guidance not clear (TR#10)***	Guidance not clear (TR#13)***
	Party to a joint operation*	Remeasure – IFRS 9.5.1.1**	Guidance not clear (TR#3)***	Guidance not clear – original submission (TR#6)	Guidance not clear (TR#11)***	Guidance not clear (TR#14)***
Control		Remeasure – IFRS 10.25(b) and IFRS 9.5.1.1 **	Remeasure – IFRS 10.25(b)	Guidance not clear (TR#7)***	Guidance not clear (TR#12)***	Do not remeasure – IFRS 10.23**

\* Party to a joint operation refers to a party that participates in, but does not have joint control of, a joint operation. The party has rights to the assets and obligations for the liabilities relating to the joint operation. The party therefore accounts for its interests in the arrangement in accordance with the paragraphs 20–22 of IFRS 11.

\*\* Guidance referenced in the matrix has been reproduced below for ease of reference.

\*\*\* Items noted in red were included as part of the outreach request.

Cells shaded in yellow indicate transactions where there is a lack of guidance and/or diversity of views in determining the appropriate accounting for previously held interests.

## Notes to the Matrix

*Note 1: From an investment in a financial asset to an investment in a financial asset:*

A1. IFRS 9 *Financial Instruments* provides guidance on the initial and subsequent measurement of financial assets. The appropriate measurement of previously held interests would depend on the nature (for example, debt vs equity) and classification (for example, fair value through profit or loss, amortised cost, etc) of the financial asset.

### *Guidance referenced in matrix:*

- A2. Paragraph 42 of IFRS 3 states ‘In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate ...’ (emphasis added).
- A3. Paragraph 5.1.1 of IFRS 9 states ‘Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability’ (emphasis added).
- A4. Paragraph 23 of IFRS 10 states ‘Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (ie transactions with owners in their capacity as owners).’
- A5. Paragraph 25 of IFRS 10 states ‘If a parent loses control of a subsidiary, the parent ... (b) recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.’

- A6. Paragraph BC33C of IFRS 11 states ‘A joint operator might increase its interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, by acquiring an additional interest in the joint operation. In such cases, previously held interests in the joint operation are not remeasured if the joint operator retains joint control’ (emphasis added).
- A7. Paragraph 22 of IAS 28 states ‘An entity shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture as follows: ... (b) If the retained interest in the former associate or joint venture is a financial asset, the entity shall measure the retained interest at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9’ (emphasis added).
- A8. Paragraph 24 of IAS 28 states ‘If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest’ (emphasis added).



## Appendix B—Copy of the outreach request

Dear all

In May 2015, the IFRS Interpretations Committee discussed a request to clarify whether a previously held interest in the assets and liabilities of a joint operation is remeasured to fair value when the investor’s acquisition of an additional interest results in the investor becoming a joint operator (ie assuming joint control) in the joint operation. The Interpretations Committee observed that it would be useful to analyse other transactions involving previously held interests simultaneously with the fact pattern that had been submitted.

We would be interested in understanding more details for the transactions identified on the following table. In particular, we are interested in knowing whether:

- These transactions are common in your jurisdiction?
- If the transaction is common in your jurisdiction, please identify what is the predominant approach you observe in practice (current or developing) for accounting for previously held interests in these transactions and if there is any diversity in practice (current or developing)?

We have included a table that you may wish to utilise for submitting your responses. You may submit your responses in any other format as well.

<i>Transaction</i>	<i>Change of interests</i>		<i>How Common?</i>	<i>Prevalent approach/noted diversity?</i>
	<i>From:</i>	<i>To:</i>		
1	Financial asset	Joint control in a joint operation		
2	Equity accounted investee (significant influence/joint	Joint control in a joint operation		

	venture)			
3	Joint control in a joint operation	Equity accounted investee (significant influence/joint venture)		
4	Joint control in a joint operation	Control		
5	Control	Joint control in a joint operation		

In addition to the transactions noted in the above table, we understand that entities may in some cases participate in, but not have joint control of, a joint operation. The party may have direct rights to assets, and obligations for liabilities, of the arrangement and would account for its interests in the arrangement in accordance with paragraphs 20-22 of IFRS 11. The following table lists transactions that may occur in connection with such interests (referred to as ‘Party in a joint operation’ in the table). Similar to the transactions noted above, we would be interested in understanding whether:

- These transactions are common in your jurisdiction?
- If the transaction is common in your jurisdiction, please identify what is the predominant approach you observe in practice (current or developing) for accounting for previously held interests in these transactions and if there is any diversity in practice (current or developing)?

<i>Transaction</i>	<i>Change of interests</i>		<i>How Common?</i>	<i>Prevalent approach/noted diversity?</i>
	<i>From:</i>	<i>To:</i>		
1	Party in a joint operation	Control		
2	Party in a joint operation	Equity accounted investee (significant influence/joint venture)		
3	Party in a joint operation ( <i>for example, with 10% interest but no joint control</i> )	Party in a joint operation ( <i>for example, with 15% interest and no joint control</i> )		
4	Financial asset	Party in a joint operation		
5	Equity accounted investee (significant influence/joint venture)	Party in a joint operation		
6	Joint control in a joint operation	Party in a joint operation		
7	Control	Party in a joint operation		

Please explain the basis on which you have prepared your response. For example, if you conducted your own outreach please tell us the type of stakeholders that responded (e.g. preparers under IFRS in your jurisdiction).

We are sending this request to securities regulators, members of the International forum of Accounting Standards Setters and the IFRS technical teams of the international networks of the large accounting firms.

I would be grateful if you could let me have your comments and responses by **Monday 29 June 2015**. Please direct your reply to Jawaid Dossani ([jdossani@ifrs.org](mailto:jdossani@ifrs.org)).

Thank you very much for your assistance with this request.