



# Review of IFRS 10, 11 and 12 concludes

29 June 2022

Global IFRS Institute | Business combinations



Peter Carlson  
KPMG International

**“Since their introduction, these standards have provided a more consistent basis for consolidation and joint arrangement accounting. However, some stakeholders may be disappointed that the Board is not planning to take any substantive action in a number of judgemental areas where application challenges could continue to cause diversity in practice.”**

Peter Carlson  
KPMG global business combinations and consolidation leader

## Application challenges could remain following post-implementation review

### Highlights

- [What matters did stakeholders identify?](#)
- [How did the Board respond?](#)
- [What next?](#)

As part of a post-implementation review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, stakeholders identified a number of areas that they find particularly challenging in practice.

Having considered these issues, the International Accounting Standards Board (the Board) has decided not to take any substantive action at the current time, concluding that the standards are working as intended and achieving their objectives.

### What matters did stakeholders identify?

Stakeholders identified a number of areas that they found challenging or would like additional information on, including the following.

Area identified by stakeholders	Board response
Subsidiaries that are investment entities	Low priority
Transactions that change the relationship between an investor and an investee	Low priority
Transactions that involve ‘corporate wrappers’	Low priority
Collaborative arrangements outside the scope of IFRS 11	Low priority
Additional disclosures about interests in other entities	Low priority
Assessing control	No further action

Area identified by stakeholders	Board response
Definition of an investment entity	No further action
Classifying joint arrangements	No further action
Accounting for joint operations	No further action. The Board noted that the IFRS Interpretations Committee issued an <b>agenda decision</b> on this matter in March 2015
All other matters	No further action

## How did the Board respond?

For each of these matters, the Board decided either to assign a low priority to it or to take no further action.

- Low priority – meaning the matter could be explored if it is identified as a priority in the Board’s next agenda consultation, which is expected to be released for public comment in 2026.
- No further action – acknowledging that companies need to apply judgement to determine the appropriate accounting treatment.

The Board did not assess any of the matters identified by stakeholders to be high priority (i.e. to be addressed urgently) or medium priority (i.e. added to the Board’s research pipeline).

## What next?

Stakeholders are encouraged to submit application questions to the IFRS Interpretations Committee if they meet the submission criteria.

Our publication **Insights into IFRS®** provides detailed application guidance on IFRS 10, 11 and 12; our **Guides to financial statements** also provide guidance on presentation and disclosures.

Read the Board’s IFRS 10, 11 and 12 **Project report and feedback statement** for more information on its findings.

For any further information contact your local KPMG representative.

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