

IFRS IN BRIEF

IFRS 11 *Joint Arrangements*

SCOPE

IFRS 11 applies to all entities who are party to a joint arrangement, even if they do not have joint control of that arrangement.

JOINT CONTROL

Joint control exists when there is contractually agreed sharing of control between two parties and only exists if the relevant decisions require unanimous consent of the parties who share control. This can be explicit or implicit.

Joint control is based on the same control principle as IFRS 10 (i.e. power, exposure to variable returns and, ability to use power to affect variable returns).

TYPES OF JOINT ARRANGEMENTS

Arrangement of which two or more parties have joint control.

The type of the joint arrangement is determined based on the specific facts and circumstances.

- *Joint Operations*

Where the parties to the arrangement have rights to the specific underlying assets and liabilities of the operation. These are usually unincorporated joint arrangements. The parties with joint control are the 'joint operators'

- *Joint Ventures*

Where the parties to the arrangement have rights to the net assets of the arrangement. These are typically incorporated joint arrangements. The parties with joint control are the 'joint venturers'

ACCOUNTING FOR JOINT OPERATIONS

A Joint operator should account for its share of its interest in each of the underlying assets, liabilities, income and expenses of the joint operation. The above accounted for in accordance with the applicable IFRS standards.

Consideration should be given to the joint operators rights and obligations to each individual asset and liability as their individual interest in any one item may not be consistent with the overall interest in the joint operation.

A party that is party to a joint operation but does not have joint control shall account for their interest in the same manner if they have interest in the underlying assets and liabilities.

ACCOUNTING FOR JOINT VENTURES

Investments in joint ventures are accounted for using the equity method in accordance with IAS 28, unless the entity is exempted from applying the equity method.

In separate financial statements, all parties that participate in a joint arrangement, whether or not they have joint control shall account for their interests as follows:

- *Joint operations*
In accordance with the normal recognition and measurement requirements as outlined above.
- *Joint Ventures*
in accordance with the requirements of IAS 27.

DISCLOSURES

There are no specific disclosure requirements in IFRS 11 refer to IFRS 12 for related disclosure requirements.

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