



Heads Up

IASB proposes limited scope amendment to IFRS 11

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“In summary”

The IASB/AASB have issued for public comment an exposure draft (ED) proposing guidance on the accounting by joint operators for the acquisition of an interest in a joint operation, as defined in IFRS 11 *Joint Arrangements*, when the activities underlying the joint operation constitute a business. Neither IFRS 11 nor the existing joint venture standard, IAS 31, provided guidance when the activity of the operation constituted a business and so practice was varied.

The ED proposes the application of the principles under IFRS 3 *Business Combinations* to both the acquisition of an interest in an existing joint operation that is a business and the contribution of a business when a joint operation is formed. The principles include:

- measurement of identifiable assets and liabilities at fair value;
- acquisition-related costs being recognised as expense in the period in which the costs are incurred or the services are received;
- recognition of deferred taxes arising from the initial recognition of assets and liabilities other than goodwill; and
- recognition of the excess of consideration transferred over identifiable assets acquired and liabilities assumed as goodwill.

Disclosure requirement per IFRS 3 and other IFRSs for business combinations would also apply.

The proposals would be applied prospectively from the effective date of the amendments.

The comment period for the ED ends on 23 April 2013.

For further information on these Standards refer to the additional IFRS in Focus newsletters below.

IFRS in Focus

- [*IFRS in Focus — IASB proposes limited scope amendments to IFRS 11*](#)

External Links

- [*IASB press release*](#)
- [*ED/2012/7 Acquisition of an Interest in a Joint Operation*](#)

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