

AASB 131 Interests in Joint Ventures vs. IFRS for SMEs Section 15 Interests in Joint Ventures

1. Executive Summary

Main differences in recognition, measurement or presentation requirements

Investments in jointly controlled entities for which there is no published price quotation:

- *IFRS for SMEs*: measure using one of the following methods:
 - (a) cost model
 - (b) equity method
 - (c) fair value model
- AASB 131: measure using either the equity method or proportionate consolidation.

Investments in jointly controlled entities for which there is a published price quotation:

- *IFRS for SMEs*: measure at fair value through profit or loss
- AASB 131: measure using either the equity method or proportionate consolidation.

Disclosure proposals

It is proposed to exclude paragraphs 54 and 56 from the Reduced Disclosure Regime (RDR).

2. Analysis of disclosure requirements

<p style="text-align: center;">Text in AASB 131 <i>Interests in Joint Ventures</i></p>	<p style="text-align: center;">Text in IFRS for SMEs Section 15 <i>Interests in Joint Ventures</i></p>	<p style="text-align: center;">Comment</p>
<p>Disclosure</p> <p>Interests in Joint Ventures</p> <p>54 A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities:</p> <ul style="list-style-type: none"> (a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other venturers; (b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable; and (c) those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers of a joint venture. 	<p>Disclosures</p>	<p>Paragraph 54 has no equivalent in the <i>IFRS for SMEs</i> and, based on the reasoning in paragraph IN3 of this Appendix, should be excluded from the RDR.</p>
<p>55 A venturer shall disclose the aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments:</p> <ul style="list-style-type: none"> (a) any capital commitments of the venturer in relation to its interests in joint ventures and its share in the capital commitments that have been 	<p>15.19 An investor in a joint venture shall disclose:</p> <p>...</p> <ul style="list-style-type: none"> (d) the aggregate amount of its commitments relating to joint ventures, including its share in the capital commitments that have been incurred jointly with other venturers, as well as its share 	<p>Paragraphs 55 and paragraph 15.19 (d) of the <i>IFRS for SMEs</i> correspond.</p> <p>Paragraph 55 should be retained in the RDR.</p>

Text in AASB 131 <i>Interests in Joint Ventures</i>	Text in <i>IFRS for SMEs</i> Section 15 <i>Interests in Joint Ventures</i>	Comment
(b) incurred jointly with other venturers; and its share of the capital commitments of the joint ventures themselves.	of the capital commitments of the joint ventures themselves.	
56 A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method shall disclose the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses related to its interests in joint ventures.		Paragraph 56 has no equivalent in the <i>IFRS for SMEs</i> and should be excluded from the RDR based on the reasoning in paragraph IN3 of this Appendix.
	15.19 An investor in a joint venture shall disclose: ... (b) the carrying amount of investments in jointly controlled entities (see paragraph 4.2(k)).	Disclosures required under paragraph 15.19(b) of the <i>IFRS for SMEs</i> would be made under paragraph 54 of AASB 101 and paragraph 38 of AASB 128. Paragraph 15.19 should not be added to the RDR.
57 A venturer shall disclose the method it uses to recognise its interests in jointly controlled entities.	15.19 An investor in a joint venture shall disclose: (a) the accounting policy it uses for recognising its interests in jointly controlled entities. ...	Paragraphs 57 and paragraph 15.19 (d) of the <i>IFRS for SMEs</i> correspond. Paragraph 57 should be retained in the RDR.
	Other Information 15.19 An investor in a joint venture shall disclose:	The disclosure required by paragraph 15.19(c) of the <i>IFRS for SMEs</i> is not required by AASB 131. Paragraph 15.19 (a)

<p>Text in AASB 131 <i>Interests in Joint Ventures</i></p>	<p>Text in <i>IFRS for SMEs</i> Section 15 <i>Interests in Joint Ventures</i></p>	<p>Comment</p>
	<p>...</p> <p>(c) the fair value of investments in jointly controlled entities accounted for using the equity method for which there are published price quotations.</p> <p>...</p> <p>15.20 For jointly controlled entities accounted for in accordance with the equity method, the venturer shall also make the disclosures required by paragraph 14.14 for equity method investments.</p> <p>15.21 For jointly controlled entities accounted for in accordance with the fair value model, the venturer shall make the disclosures required by paragraphs 11.41–11.44.</p>	<p>should not be added to the RDR.</p> <p>The disclosure required by paragraph 15.20 of the <i>IFRS for SMEs</i> would be made in accordance with paragraph 38 of AASB 128. Paragraph 15.19 (a) should not be added to the RDR.</p> <p>The fair value model is not required by AASB 131. Paragraph 15.21 should not be added to the RDR.</p>

3. AASB 131 *Interests in Joint Ventures*: Text of Proposed Disclosures

The following are the disclosure requirements of AASB 131 *Interests in Joint Ventures*, showing requirements from which it is proposed entities applying the RDR should be exempt as shaded text.

Disclosure

Interests in Joint Ventures

54 A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities:

- (a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other venturers;**
- (b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable; and**
- (c) those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers of a joint venture.**

55 A venturer shall disclose the aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments:

- (a) any capital commitments of the venturer in relation to its interests in joint ventures and its share in the capital commitments that have been incurred jointly with other venturers; and**
- (b) its share of the capital commitments of the joint ventures themselves.**

56 A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method shall disclose the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses related to its interests in joint ventures.]

57 A venturer shall disclose the method it uses to recognise its interests in jointly controlled entities.