

# New development summary

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## **IFRS 11 *Joint Arrangements*—Quick reference guides**

### Summary

This new development summary provides two “quick reference guides” aimed to assist with the decision process when applying the requirements within IFRS 11 *Joint Arrangements*, specifically in determining whether joint control exists and the type of joint arrangement to which an entity is a party.

The two guides encompass the following areas:

- classification of a joint arrangement, and
- transition guidance (for consolidated financial statements only).

### Background

In May 2011, the International Accounting Standards Board issued IFRS 11 *Joint Arrangements* which replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers*. By issuing IFRS 11, the IASB created a clear definition of joint control and a requirement to classify joint arrangement based on the substance (and not just the legal form) of the rights and obligations that are held by the parties to the joint arrangement. IFRS 11 addresses all arrangements where there is joint control and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. IFRS 11 also eliminates the use of proportionate consolidation for joint ventures. IAS 28 *Investments in Associates and Joint Ventures* was amended for changes in scope arising from the publication of IFRS 11 but continues to prescribe the mechanics of the equity method which must be used to account for investments in joint ventures. IFRS 11 and IAS 28 (amended) are effective for annual periods beginning on or after January 1, 2013.

### Other resources

While we hope you will find these guides useful, they are not a substitute for a careful reading of the standard. For further assistance, please reach out to your local Grant Thornton adviser or search our directory [here](#).

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FIGURE 1: QUICK REFERENCE—CLASSIFICATION OF A JOINT ARRANGEMENT (IFRS 11)

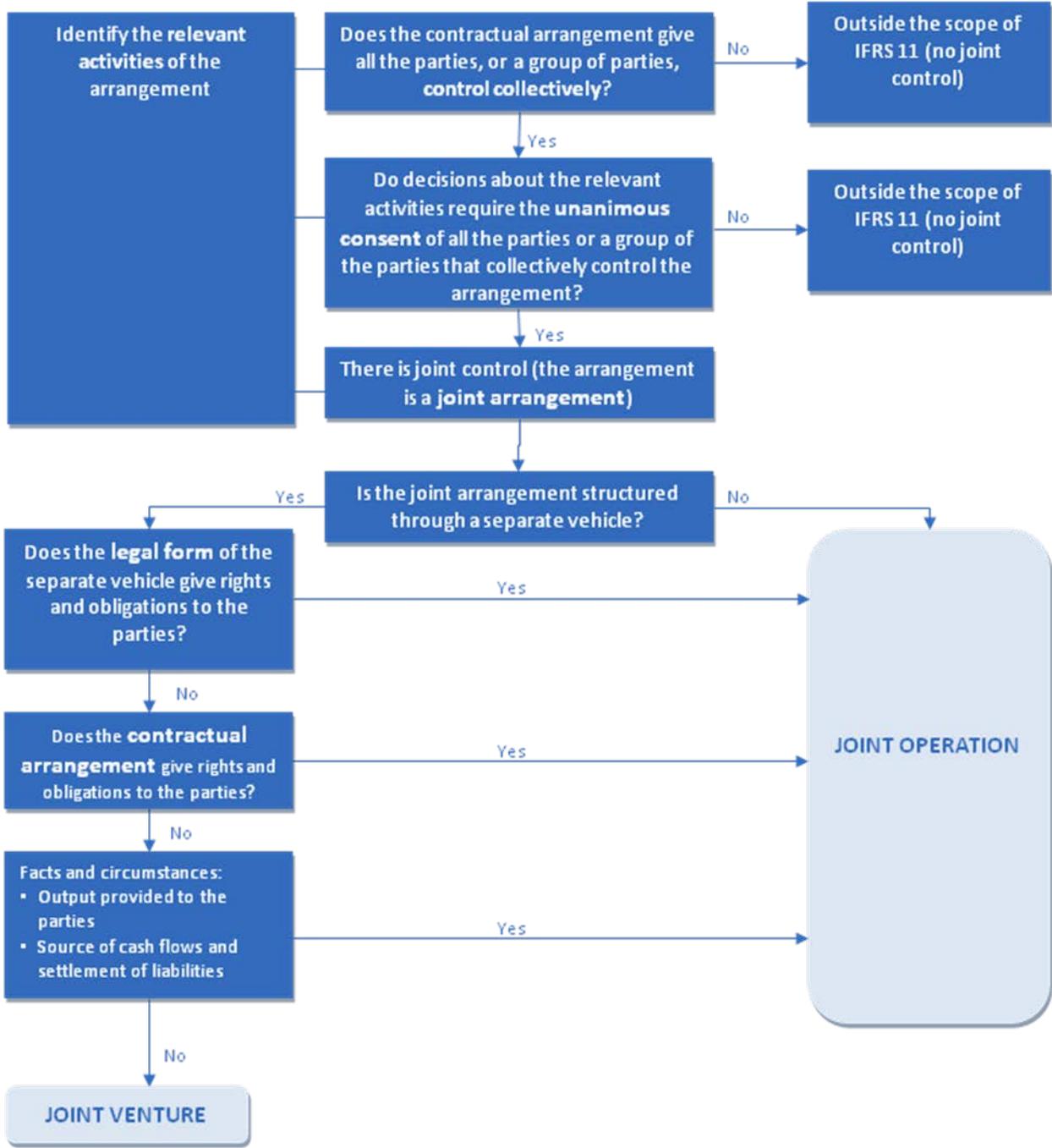


FIGURE 2: QUICK REFERENCE—IFRS 11 TRANSITION GUIDANCE (CONSOLIDATED FINANCIAL STATEMENTS ONLY)

