

CHAPTER NINE

Group accounts

9.1 GROUP ACCOUNTS

Joint arrangements

9.1.248 A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- a) The parties are bound by a contractual arrangement.
- b) The contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture.

9.1.249 Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

9.1.250 A reporting authority shall determine the type of joint arrangement in which it is involved. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

Financial statements of parties to a joint operation

9.1.251 A reporting authority that is a joint operator shall recognise in relation to its interest in a joint operation:

- a) its assets, including its share of any assets held jointly
- b) its liabilities, including its share of any liabilities incurred jointly
- c) its revenue from the sale of its share of the output arising from the joint operation
- d) its share of the revenue from the sale of the output by the joint operation, and
- e) its expenses, including its share of any expenses incurred jointly.

9.1.252 When an authority acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share in accordance with paragraph 9.1.2.51, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this section of the Code (as it adopts IFRS 11) and IFRS 11 itself and disclose the information that is required in those IFRSs in

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relation to business combinations. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business. The accounting for the acquisition of an interest in such a joint operation is specified in paragraphs B33A–B33D of IFRS 11.

9.1.6 Changes since the ~~2014~~2015/15-16 Code

- 9.1.6.1 The ~~2015~~2016/16-17 Code ~~has removed the transitional provisions from the Group Accounts section of the Code as these provisions only apply to the 2014/15 financial year~~includes the amendment to IFRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*.