

PROPOSAL FOR TERMS OF REFERENCE FOR AN EFRAG WORKING PARTY ON
FINANCIAL REPORTING FOR INVESTMENTS IN JOINT VENTURES

EFRAG working group: Financial reporting for investments in joint ventures
TERMS OF REFERENCE

Objective of the Working Group

- EFRAG has decided to set up a working group to work on the impacts of the possible elimination of proportionate consolidation on financial reporting. The role of the Working Group is to assist EFRAG TEG in developing a response to the expected Exposure Draft on accounting for Joint Ventures.
- The Working Group shall evaluate the proposals in the Exposure draft and the impact on the accounting
- The working group should in addition prepare proposals of presentation or disclosure requirements which would ensure that entities which develop their core operations through joint ventures and users of their accounts enjoy efficient and appropriate financial communication. The proposals will be put to the EFRAG TEG to decide whether they should be part of the TEG draft comment letter or - if finalised later – after being duly exposed for comments – being either included in EFRAG’s comment letter to the IASB on the amendments of IAS 31 or be sent to the IASB shortly thereafter.

Composition of the Group

- The group should consist of members with particular experience of accounting for Joint Ventures. Preferably there should be a good mix of different backgrounds, e.g. preparers, auditors, users, academics and standard setters.
- The group should include members from entities of which business model implies developing their operations through joint ventures (without direct control over assets/liabilities or portions of assets and liabilities), auditors of such entities and users of accounts who analyse or invest in such entities.
- The group should provide a good mix of country background.
- The size of the group should be limited to 10 members in total and chaired by an EFRAG TEG member.

The chairman of EFRAG TEG/Technical Director and other members of EFRAG TEG have free access to participate in the discussions whenever appropriate.

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Practical points

- The Working Group will be supported by EFRAG staff
- Kick off meeting should be in September 2007.
- Frequency of meetings: monthly or more often if necessary, plus email/telephone contacts between the meetings.
- Meetings will be held in EFRAG's office in Bruxelles, Belgium
- Regular updates to TEG
TEG will monitor the outcome of the group's discussion on a regular basis in order to give input and feedback on the general direction of the work.