

Financial reporting requirements for Australian groups with a foreign parent

Project summary

This is an AASB domestic project. The project is considering possible amendments to the scope exclusion in AASB 10 *Consolidated Financial Statements* and the exemption from applying the equity method in AASB 128 *Investments in Associates and Joint Ventures* for an Australian group that has a foreign parent that prepares consolidated financial statements.

Project contact

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Project priority: High

Issued documents

- ED 255 *Financial Reporting Requirements for Australian Groups with a Foreign Parent*

Project status

- ED 255 closed for comment

AASB outreach

- AASB staff conducted targeted outreach during Q4 2014

Board deliberations

- AASB Action Alert Update and AASB Board papers

AASB communications

- No AASB communications have yet been issued by the AASB

Project news

Date	News
19 December 2014	December 2014 Action Alert
5 September 2014	September 2014 Action Alert

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

Last updated: **22 December 2014**

AASB Action Alert Update and Board Papers

Meeting Date	Update
December 2014	<p>The Board considered feedback received in response to ED 255 <i>Financial Reporting Requirements for Australian Groups with a Foreign Parent</i> and agreed to finalise the amendment to require the ultimate Australian entity to equity account associates or joint ventures in its stand-alone or consolidated financial statements. The Board agreed to clarify the drafting of proposed paragraph Aus17.2 to read as follows (new text underlined, deleted text struck through):</p> <p style="padding-left: 40px;">Aus17.2 Notwithstanding paragraphs 17 and Aus17.1, the ultimate Australian parent of the entity with joint control of, or significant influence over, an investee shall apply the equity method in accounting for interests in associates and joint ventures in accordance with this Standard when either the parent <u>entity</u> or the group is a reporting entity or both the parent entity and the group are reporting entities.</p> <p><u>22.1</u> Memorandum from Nikole Gyles dated 2 December 2014 re Financial reporting requirements for Australian groups with a foreign parent</p> <p><u>22.2</u> AASB staff issues paper - ED 255 <i>Financial Reporting Requirements for Australian Groups with a Foreign Parent</i></p> <p><u>22.3</u> Submissions on ED255 <i>Financial Reporting Requirements for Australian Groups with a Foreign Parent</i> [subs1–4]</p> <p><u>22.3</u> Submissions on ED255 <i>Financial Reporting Requirements for Australian Groups with a Foreign Parent</i> [sub5]</p> <p><u>22.4</u> ED 255 <i>Financial Reporting Requirements for Australian Groups with a Foreign Parent</i></p>
September 2014	<p>The Board considered whether to amend the scope exclusion in AASB 10 <i>Consolidated Financial Statements</i> and/or the exemption from applying the equity method in AASB 128 <i>Investments in Associates and Joint Ventures</i> for an Australian group that has a foreign parent that prepares consolidated financial statements.</p> <p>The Board directed staff to undertake further outreach on the AASB 10 scope exclusion to further understand and address concerns raised by constituents in response to staff targeted outreach; in particular concerns relating to whether this is a standard-setting issue or a broader regulatory issue.</p> <p>The Board decided to reinstate the related Australian-specific requirement (previously included in AASB 128 (2007), paragraph 13(c)(iv)) that narrows the exception from applying the equity method of accounting to cases when the ultimate Australian or any intermediate parent of the investor (or venturer) produces consolidated financial statements available for public use that comply with IFRSs.</p> <p>The Board directed staff to prepare an Exposure Draft proposing the amendment.</p> <p><u>9.1</u> Memorandum from Nikole Gyles dated 19 August 2014 re: Scope Exclusions in AASB 10 and AASB 128</p> <p><u>9.2</u> Issues paper: Scope exclusions in AASB 10 and AASB 128</p>