



To:	AASB Members	Date:	13 May 2013
From:	Kala Kandiah and Angus Thomson	Agenda Item:	7.1 (M131)
Subject:	Investment Entities	File:	

Action

Consider the submissions received on ED 233 *Australian Additional Disclosures – Investment Entities* together with staff analysis and recommendations and provide staff with directions on how to proceed.

Attachments

Agenda Paper 7.2 Staff paper: Collation of comments on ED 233 and staff recommendations

Agenda Paper 7.3 Submissions received on ED 233

Background

In October 2012, the IASB amended IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosures of Interest in Other Entities* and IAS 27 *Separate Financial Statements* for investment entities ('IASB amendments') to achieve the following:

- require a parent that is an investment entity to measure its investments in unconsolidated subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries; and
- require disclosures about investment entities through IFRS 12, including significant judgements made in determining that an entity was an investment entity; name, country of incorporation and proportion of ownership interest held in unconsolidated subsidiaries; redemption restrictions on unconsolidated subsidiaries and financial or other support provided to unconsolidated subsidiaries.

The IASB amendments are applicable for annual periods beginning on or after 1 January 2014 and can be early adopted for annual periods beginning on or after 1 January 2013, which is the application date for IFRS 10.

The AASB delayed the adoption of the IASB amendments and issued ED 233 *Australian Additional Disclosures – Investment Entities* in December 2012, proposing to introduce the exception to consolidation for investment entities (as per the IASB amendments) and to require Australian additional disclosures for Australian entities that meet the IASB’s investment entity criteria, for comment by 29 March 2013.

The Australian additional disclosures proposed by ED 233 are in the form of:

- consolidated financial statements prepared in a manner consistent with the definition of consolidated financial statements in Appendix A of AASB 10; and
- a summary of the significant accounting policies used in preparing those consolidated financial statements that are not otherwise disclosed in accordance with AASB 101.

The AASB received 29 submissions on ED 233.

Board members are reminded that the IASB issued ED/2011/4 *Investment Entities* in August 2011 proposing an exception to consolidation and the AASB incorporated ED/2011/4 into AASB ED 220 *Investment Entities* for comment by 30 November 2011 and received 15 submissions.

Summary of staff recommendations

As detailed in agenda paper 7.2, staff can accept the adoption of the IASB amendment without additional disclosures. However, if the Board considers that Australian additional disclosure requirements should accompany the IASB amendment for adoption in Australia, staff recommend that the Australian additional disclosures be unconsolidated subsidiary’s total assets, total liabilities and total comprehensive income, which would be significantly reduced compared to ED 233 (Approach C in staff paper 7.2).

If the Board decides to adopt the IASB amendments without Australian additional disclosures, staff consider that no further due process is needed. If the Board decides on Approach C or another similar approach that would have less onerous additional disclosures, staff consider that further due process would be needed.