

August 2015

Exposure Draft ED/2015/7

# Effective Date of Amendments to IFRS 10 and IAS 28

Comments to be received by 9 October 2015

Effective Date of Amendments to  
IFRS 10 and IAS 28

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ISBN: 978-1-909704-92-3

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## Invitation to comment

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In September 2014 the International Accounting Standards Board (IASB) issued *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28). The IASB has published this Exposure Draft to propose deferring the effective date of that September 2014 amendment indefinitely, until such time as it has finalised amendments, if any, that result from its research project on the equity method. Any proposal to insert an effective date will be exposed for public comment.

Earlier application of the September 2014 amendment continues to be permitted.

The IASB will consider the comments it receives on the proposal to decide whether to proceed with this amendment. The IASB intends to finalise this deferral by the end of 2015, before the effective date of the September 2014 amendment.

Comments should be submitted in writing so as to be received no later than **9 October 2015**.

## Question for respondents

The IASB proposes to defer indefinitely the effective date of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* until such time as it has finalised amendments, if any, that result from its research project on the equity method. Earlier application would continue to be permitted.

Do you agree with this proposal? Why or why not?

## How to comment

Comments should be submitted using one of the following methods.

**Electronically** Visit the 'Comment on a proposal' page, which can be found at:  
(our preferred method) [go.ifrs.org/comment](http://go.ifrs.org/comment)

**Email** Email comments can be sent to: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

**Postal** IFRS Foundation  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

All comments will be on the public record and posted on our website unless confidentiality is requested. Such requests will not normally be granted unless supported by good reason, for example, commercial confidence. Please see our website for details on this and how we use your personal data.

**[Draft] Amendments to  
IFRS 10 *Consolidated Financial Statements***

Paragraph C1C is amended. Deleted text is struck through and new text is underlined.

...

**Effective date**

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...

C1C *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28), issued in September 2014, amended paragraphs 25–26 and added paragraph B99A. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after ~~1 January 2016~~ a date to be inserted by the IASB. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

**[Draft] Amendments to  
IAS 28 *Investments in Associates and Joint Ventures***

Paragraph 45C is amended. Deleted text is struck through and new text is underlined.

...

**Effective date and transition**

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...

45C *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28), issued in September 2014, amended paragraphs 28 and 30 and added paragraphs 31A–31B. An entity shall apply those amendments prospectively to the sale or contribution of assets occurring in annual periods beginning on or after ~~1 January 2016~~ a date to be inserted by the IASB. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

## **Approval by the Board of *Effective Date of Amendments to IFRS 10 and IAS 28* published in August 2015**

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The Exposure Draft *Effective Date of Amendments to IFRS 10 and IAS 28* was approved for publication by the fourteen members of the International Accounting Standards Board.

Hans Hoogervorst	Chairman
Ian Mackintosh	Vice-Chairman
Stephen Cooper	
Philippe Danjou	
Amaro Luiz de Oliveira Gomes	
Martin Edelmann	
Patrick Finnegan	
Gary Kabureck	
Suzanne Lloyd	
Takatsugu Ochi	
Darrel Scott	
Chungwoo Suh	
Mary Tokar	
Wei-Guo Zhang	

## **Basis for Conclusions on Effective Date of Amendments to IFRS 10 and IAS 28**

*This Basis for Conclusions accompanies, but is not part of, the proposed amendment.*

- BC1 Between 2013 and 2015, the IFRS Interpretations Committee and the IASB considered a number of issues in relation to the transfers of assets between an investor and its associates or joint ventures.
- BC2 In September 2014, the IASB issued an amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, called *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* ('the September 2014 Amendment'). The September 2014 Amendment made it clear that:
- (a) a full gain or loss is recognised when a transfer to an associate or a joint venture involves a business; and
  - (b) a partial gain or loss is recognised if the asset transferred does not contain a business. The gain or loss that is not recognised is eliminated against the cost of the investment.
- BC3 In February 2015, the IASB gave the staff permission to begin balloting on a further narrow-scope amendment ('the February 2015 Proposals') that would clarify in greater detail:
- (a) how the eliminations required by the September 2014 Amendment would be recognised if the amount eliminated exceeds the carrying amount of the investment;
  - (b) how the transfer of assets would be recognised if the investor receives both assets and an equity interest; and
  - (c) how other requirements of IAS 28 interact with the changes made to IFRS 10 by the September 2014 Amendment.
- BC4 Because the February 2015 Proposals were intended to clarify the September 2014 Amendment, the February 2015 Proposals also included a proposal to defer the effective date of the September 2014 Amendment from 1 January 2016. The new effective date would have been inserted after exposure and would have coincided with the effective date for the clarifications resulting from the February 2015 Proposals.
- BC5 In June 2015, the IASB decided:
- (a) that the issues addressed in the February 2015 Proposals should instead be addressed as part of the IASB's research project on equity accounting. That project is investigating potential simplifications of the equity method of accounting; and
  - (b) to defer the effective date of the September 2014 Amendment so that entities would not need to change the way in which they apply IAS 28 twice in a short period of time.
- BC6 The IASB noted that the effective date of the September 2014 Amendment was in six months' time, ie 1 January 2016. The IASB decided, therefore, that the



deferral of the effective date of the September 2014 Amendment was urgent and that this proposal needed to be finalised by 31 December 2015. The IASB normally allows a minimum period of 120 days for comment on an Exposure Draft. Because of the urgency of this matter, however, the IASB requested, and received approval, from the Due Process Oversight Committee of the IFRS Foundation's Trustees to allow a period of no less than 60 days for comment on these proposals.

- BC7 The IASB intends that the effective date for the September 2014 Amendment will be the same as the effective date for the revisions of IAS 28, if any, that result from the research project. However, the IASB does not yet know whether the research project will result in an amendment to IAS 28 nor what the effective date of any such amendment would be. Accordingly, the IASB proposes to defer the effective date of the September 2014 Amendment until a date to be inserted by the IASB. The IASB intends to insert that date when it finalises the revisions, if any, that result from the research project. Any proposal to insert an effective date will be exposed for public comment.
- BC8 The IASB considered whether early application of the September 2014 Amendment should be allowed while the effective date is deferred. Some members of the IASB were concerned that allowing early application would increase diversity in practice. The IASB decided that early application should continue to be permitted because the September 2014 Amendment was intended to address existing diversity in practice. Consequently, early application of the September 2014 Amendment was considered unlikely to increase diversity. The IASB noted that it plans to address the issues covered by the September 2014 Amendment comprehensively, together with any proposals that arise from the research project, at a future date.

ISBN 978-1-909704-92-3



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