

Narrow Scope Amendments – Investment Entities: Applying the consolidation exemption

Project summary

The IASB is undertaking a narrow-scope project to provide clarifications to the accounting for interests in investment entities and applying the consolidation exemption. The anticipated proposed amendment will affect AASB 10 *Consolidated Financial Statements*.

Project contact

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Project priority: High

Issued documents

- ED 250 *Investment Entities: Applying the Consolidation Exception* (June 2014)
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*

AASB outreach

- Comments letters received on ED 250

Project status

- ED 250 closed for comment
- AASB 2015-5 was issued

Board deliberations

- AASB Action Alert Update and AASB Board papers

- [Link to IASB project page](#)

AASB communications

- No other AASB communications on this project

Project news

Date	News
30 January 2015	AASB 2015–5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception was issued
11 September 2014	The AASB has submitted its comment letter on ED/2014/2 <i>Investment Entities: Applying the Consolidation Exception</i> to the IASB
5 September 2014	September 2014 Action Alert
30 May 2014	May 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: **15 July 2015**

AASB Action Alert Update and Board Papers

Meeting Date	Update
September 2014	<p>The Board considered constituents' comments on AASB ED 250 <i>Investment Entities: Applying the Consolidation Exception</i> (which incorporates IASB ED/2014/2). The Board decided its submission to the IASB should express concerns in relation to the proposal to amend IFRS 10 to confirm that the exemption from preparing consolidated financial statements in paragraph 4(a) of IFRS 10 continues to be available to an intermediate parent entity that is a subsidiary of an investment entity, even when the investment entity measures its interests in subsidiaries at fair value. The Board was concerned that this could result in the loss of relevant information for users of the financial statements of the intermediate parent entity as no consolidated information would be available higher up in the group.</p> <p>The Board also decided to express concerns in relation to the proposal to amend IAS 28 to clarify that a non-investment entity venturer in an investment entity joint venture cannot, when applying the equity method, retain the fair value measurement applied by the investment entity joint venture to its interests in subsidiaries. The Board considered that a non-investment entity investor should apply the equity method using the same approach to the group financial statements of both an investment entity associate and an investment entity joint venture, and that approach should be to retain the fair value measurement of the associate/joint venture's interests in subsidiaries.</p> <p>8.1 Memorandum from Kala Kandiah dated 19 August 2014 re ED 250: <i>Investment Entities: Applying the Consolidation Exception</i></p> <p>8.2 Issues paper: ED 250 <i>Investment Entities – Applying the Consolidation Exception</i></p> <p>8.3 ED 250 <i>Investment Entities: Applying the Consolidation Exception</i> Proposed amendments to AASB 10 and AASB 128</p> <p>8.4 ED250 <i>Investment Entities</i> [sub 1]</p> <p>8.4.1 ED250 <i>Investment Entities</i> [Sub 2]</p>
May 2014	<p>The Board received an update on the following IASB narrow scope projects:</p> <ul style="list-style-type: none">(a) Fair Value Measurement: Unit of Account;(b) Clarifications of Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2); and(c) Investment Entities: Applying the Consolidation Exemption (Proposed amendments to IFRS 10 and IAS 28). <p>The Board noted the IASB's tentative decisions to date on the respective projects and, while expressing concern in relation to some of the proposed amendments, decided not to raise any issues with the IASB on these projects prior to the AASB drafting its submissions on the forthcoming Exposure Drafts</p> <p>12.3 Memorandum from Kala Kandiah dated 13 May 2014 re Narrow Scope Amendments –Investment Entities</p>
April 2014	<p>AP 4.2 IFRS IC Summary</p>