

Ihre Ansprechpartner

Sehr geehrte Damen und Herren,

für Rückfragen zu der beigefügten Publikation „In brief“ zur Thematik „Equity method in separate financial statements – Amendments to IAS 27“ stehen Ihnen folgende Ansprechpartner gerne zur Verfügung:



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In brief

A look at current financial reporting issues

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Equity method in separate financial statements - Amendments to IAS 27

Issue

The IASB has amended IAS 27, 'Separate financial statements', to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Key amendments

An entity can now account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- a) at cost; or
- b) in accordance with IFRS 9; or
- c) using the equity method as described in IAS 28.

The IASB has also clarified the definition of separate financial statements as those produced in addition to:

- consolidated financial statements by an entity with subsidiaries; or
- financial statements prepared by an entity which has no subsidiaries but has investments in associates or joint ventures required to be equity accounted under IAS 28.

IFRS 1 has been amended to permit use of the business combinations exemption for investments in subsidiaries accounted for using equity method in the separate financial statements of the first-time adopter.

Effective date and transitional provision

An entity electing to change to the equity method shall apply the amendments for annual periods beginning on or after 1 January 2016 in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. Earlier application is permitted.

Impact

The amendments are expected to reduce compliance costs for entities that are required to prepare separate financial statements in which they account for investments in subsidiaries, joint ventures and associates using the equity method.

Prior to the amendment these entities had to prepare two sets of separate financial statements, one for IFRS reporting and one for local statutory reporting.

Insight

Retrospective application may be challenging for those entities who do not already prepare separate financial statements using the equity method as the figures from the previous consolidated financial statements may require adjustment.