
Ihre Ansprechpartner

Sehr geehrte Damen und Herren,

für Rückfragen zu der beigefügten Publikation „In brief“ zur Thematik „Investment entities: Applying the consolidation exception“ stehen Ihnen folgende Ansprechpartner gerne zur Verfügung:



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In brief

A look at current financial reporting issues

December 2014

Applying the Consolidation Exception

Issue

The IASB published amendments to IFRS 10 *Consolidation Financial Statements* and IAS 28 (2011) *Investments in associates and joint ventures* on 18 December 2014. The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Impact

Exception from preparing consolidated financial statements

The amendments to IFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value.

The intermediate parent would also need to meet the other criteria for exception listed in IFRS 10.

Subsidiaries which act as an extension of an investment entity

The amendments to IFRS 10 clarify that an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

However, the amendments confirm that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties.

Equity accounting for investments in associates and joint ventures

The amendments to IAS 28 allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

Transition

The amendments to IFRS 10 and IAS 28 (2011) are effective from 1 January 2016. Earlier application is permitted.

Insight

The amendments clarify the relief from consolidation which is available to entities in group structures involving investment entities and are likely to reduce the number of entities which produce consolidated financial statements.

The amendments also provide relief to non-investment entity investors in associates and joint ventures, who would otherwise incur practical difficulties or additional costs in unwinding fair value measurements and performing additional consolidations.



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