

Status: Point in time view as at 18/12/2015.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2015/2441, ANNEX. (See end of Document for details)

ANNEX

Equity Method in Separate Financial Statements(Amendments to IAS 27)

Amendments to IAS 27 Separate Financial Statements

Paragraphs 4–7, 10, 11B and 12 are amended and paragraph 18J is added.
DEFINITIONS

4. The following terms are used in this Standard with the meanings specified:

...

Separate financial statements are those presented by an entity in which the entity could elect, subject to the requirements in this Standard, to account for its investments in subsidiaries, joint ventures and associates either at cost, in accordance with IFRS 9 *Financial Instruments*, or using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*.

5. The following terms are defined in Appendix A of IFRS 10 *Consolidated Financial Statements*, Appendix A of IFRS 11 *Joint Arrangements* and paragraph 3 of IAS 28:

- associate
- equity method
- ...

6. Separate financial statements are those presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures in which the investments in associates or joint ventures are required by IAS 28 to be accounted for using the equity method, other than in the circumstances set out in paragraphs 8–8A.

7. The financial statements of an entity that does not have a subsidiary, associate or joint venturer's interest in a joint venture are not separate financial statements.

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PREPARATION OF SEPARATE FINANCIAL STATEMENTS

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10. When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either:

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

The entity shall apply the same accounting for each category of investments. Investments accounted for at cost or using the equity method shall be accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale or for distribution (or included in a disposal group that is classified as held for sale or for distribution). The measurement of investments accounted for in accordance with IFRS 9 is not changed in such circumstances.

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11B When a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred, as follows:

(a) when an entity ceases to be an investment entity, the entity shall account for an investment in a subsidiary in accordance with paragraph 10. The date of the change of status shall be the deemed acquisition date. The fair value of the subsidiary at the deemed acquisition date shall represent the transferred deemed consideration when accounting for the investment in accordance with paragraph 10.

(i) [deleted]

(ii) [deleted]

(b) when an entity becomes an investment entity, it shall account for an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9. The difference between the previous carrying amount of the subsidiary and its fair value at the date of the change of status of the investor shall be recognised as a gain or loss in profit or loss. The cumulative amount of any gain or loss previously recognised in other comprehensive income in respect of those subsidiaries shall be treated as if the investment entity had disposed of those subsidiaries at the date of change in status.

12. Dividends from a subsidiary, a joint venture or an associate are recognised in the separate financial statements of an entity when the entity's right to receive the dividend is established. The dividend is recognised in profit or loss unless the entity elects to use the equity method, in which case the dividend is recognised as a reduction from the carrying amount of the investment.

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EFFECTIVE DATE AND TRANSITION

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18J *Equity Method in Separate Financial Statements (Amendments to IAS 27)*, issued in August 2014, amended paragraphs 4–7, 10, 11B and 12. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016 retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

Consequential IFRS 1 First-time Adoption of International Financial Reporting Standards amendments to other Standards

Paragraph 39Z is added.

EFFECTIVE DATE

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39Z *Equity Method in Separate Financial Statements (Amendments to IAS 27)*, issued in August 2014, amended paragraph D14 and added paragraph D15A. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

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In Appendix D, paragraph D14 is amended and paragraph D15A is added.

Investments in subsidiaries, joint ventures and associates

D14 When an entity prepares separate financial statements, IAS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either:

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

...

D15A If a first-time adopter accounts for such an investment using the equity method procedures as described in IAS 28:

- (a) the first-time adopter applies the exemption for past business combinations (Appendix C) to the acquisition of the investment.
- (b) if the entity becomes a first-time adopter for its separate financial statements earlier than for its consolidated financial statements, and
 - (i) later than its parent, the entity shall apply paragraph D16 in its separate financial statements.
 - (ii) later than its subsidiary, the entity shall apply paragraph D17 in its separate financial statements.

IAS 28 Investments in Associates and Joint Ventures

Paragraph 25 is amended and paragraph 45B is added

Changes in ownership interest

25. If an entity's ownership interest in an associate or a joint venture is reduced, but the investment continues to be classified either as an associate or a joint venture respectively, the entity shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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EFFECTIVE DATE AND TRANSITION

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45B *Equity Method in Separate Financial Statements* (Amendments to IAS 27), issued in August 2014, amended paragraph 25. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016 retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact.

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