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Technical Accounting Alert

Annual Improvements to IFRSs 2014-2016 Cycle

Introduction

The IASB has published *Annual Improvements to IFRSs 2014-2016 Cycle* which addresses non-urgent (but necessary) minor amendments to three Standards, as described below.

The Amendments

This publication is a collection of amendments to IFRSs resulting from issues that were discussed by the IASB during the project cycle for making annual improvements that began in 2014 and which were included in an Exposure Draft published in November 2015. The IASB uses the Annual Improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of any other project. By presenting the amendments in a single document rather than as a series of piecemeal changes, the IASB aims to ease the burden of change for all concerned.

A summary of the issues addressed is set out below:

Standard affected	Subject	Summary of amendment
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	Deletion of short-term exemptions for first-time adopters.	A number of short-term exemptions have been deleted because the reliefs provided are no longer available or because they were relevant for reporting periods that have now passed.
IFRS 12 *Disclosure of Interests in Other Entities*	Clarification of the scope of the Standard.	Clarifies the scope of IFRS 12 by specifying that its disclosure requirements (except for those in IFRS 12.B17) apply to an entity's interests irrespective of whether they are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.
IAS 28 *Investments in Associates and Joint Ventures*	Measuring an associate or a joint venture at fair value.	Clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture. Similar clarifications have been made for a reporting entity that is not an investment entity and that has an associate or a joint venture that is an investment entity. IAS 28 permits such a reporting entity the choice to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments clarify that this choice is also made separately for each investment in an associate or joint venture that is an investment entity, at the later of the date on which: a the investment entity associate or joint venture is initially recognised; b the associate or joint venture becomes an investment entity; and c the investment entity associate or joint venture first becomes a parent.

Effective date

The amendments are effective as follows:

- **IFRS 1** – for annual periods beginning on or after 1 January 2018
- **IFRS 12** – retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2017
- **IAS 28** – retrospectively in accordance with IAS 8 for annual periods beginning on or after 1 January 2018, however early application is permitted

Australian context

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent amendments to Australian Accounting Standards shortly.

Further information

For further information on any of the information included in this Technical Accounting Alert, please get in touch with your local Grant Thornton Australia contact or a member of the National Audit Support Team at nationalaudit.support@au.gt.com.