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# *In brief*

## A look at current financial reporting issues

12 December 2016

### *Annual Improvements to IFRS Standards 2014 – 2016 Cycle*

#### *Issue*

The International Accounting Standards Board issued Annual Improvements to IFRS Standards 2014 – 2016 Cycle on 8 December 2016. These are minor amendments affecting IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 12 *Disclosure of Interests in Other Entities*, and IAS 28 *Investments in Associates and Joint Ventures*.

#### *Insight*

##### *Retirement of short-term exemptions in IFRS 1*

The amendments deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19, and IFRS 10. These transition provisions were available to entities for passed reporting periods and are therefore no longer applicable.

The amendments are effective for annual periods beginning on or after 1 January 2018.

##### *Clarifying the scope of IFRS 12*

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests.

The objective of IFRS 12 was provide information about nature of interests in other entities, risks associated with these interests, and the effect of these interests on financial statements. The Board noted that this objective is relevant to interests in other entities regardless of whether they are classified as held for sale.

These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. An option to apply the amendments early is not necessary because disclosing additional information is not prohibited.

##### *Clarifying measurement of investments under IAS 28*

IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair

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value through profit or loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition.

These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2018. Early application is permitted.

### *Questions*

If you have further accounting questions then please contact your usual PwC technical contacts.



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