

CICA handbook – accounting, part I

highlight summary no. I.19

January 2013

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The following standards have been revised to incorporate amendments issued by the International Accounting Standards Board in October 2012:

- IFRS 10 *Consolidated Financial Statements* – The amendments introduce an exception for investment entities to the principle that all subsidiaries are consolidated. The amendments define an investment entity and require an investment entity to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*.
- IFRS 12 *Disclosure of Interests in Other Entities* – The amendments add disclosure requirements for investment entities.
- IAS 27 *Separate Financial Statements* – The amendments require an investment entity to measure its investments in subsidiaries at fair value through profit or loss when it presents separate financial statements.
- Significant consequential amendments include changes to:
 - IFRS 1 *First-time Adoption of International Financial Reporting Standards* to provide transitional relief for first-time adopters;
 - IFRS 3 *Business Combinations* to exempt an investment entity from applying the standard to acquisitions of subsidiaries; and
 - IAS 7 *Statement of Cash Flows* to exempt an investment entity from providing some disclosures about changes in ownership interests in subsidiaries.

The amendments are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted. Paragraphs that have been added or amended are identified in the effective date guidance in all affected standards. Other editorial changes and corrections introduced in January 2013

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