

CPA Canada handbook – accounting, part I highlight summary no. I.30 April 2015

(Note: Any changes to previously issued standards are identified in the effective date guidance in each affected standard.)

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* (amended in 2011) have been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in December 2014. The amendments clarify that:

- a parent that is an investment entity does not present consolidated financial statements when it measures all of its subsidiaries at fair value in accordance with IFRS 10;
- an investment entity consolidates a subsidiary that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities;
- an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value in accordance with IFRS 10 is within the scope of IFRS 12; and
- when applying the equity method to an associate or joint venture that is an investment entity, an entity that is not itself an investment entity may retain the fair value measurements used by the investment entity associate or joint venture for its subsidiaries.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

Disclosure Initiative (Amendments to IAS 1)

IAS 1 *Presentation of Financial Statements* has been revised to incorporate amendments issued by the IASB in December 2014. The amendments:

- clarify the existing presentation and disclosure requirements in IAS 1, including the presentation of line items, subtotals and notes; and
- provide guidance to assist entities to apply judgment in determining what information to disclose, and how that information is presented in their financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. Other editorial changes and corrections introduced in April 2015

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