



Heads Up

Proposed accounting for the sale or contribution of assets by an investors to its associate or joint venture

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“In summary”

The IASB/AASB have issued for public comment an exposure draft (ED) proposing amendments to IFRS 10/AASB 10 *Consolidated Financial Statements* and IAS 28/AASB 128 *Investments in Associates and Joint Ventures* to clarify the accounting for the sale or contribution of assets by an investor to its associate or joint venture.

The ED proposes to eliminate the inconsistency between IFRS 10 (which requires full gain recognition) and IAS 28 (which only allows gain recognition to the extent of the interest attributed to other shareholders).

The proposal requires that:

- all gains and losses on non-monetary assets sold or contributed to an associate or joint venture which constitute a business would be fully recognise by the investor ;
- any gain or loss on assets sold or contributed that do not meet the definition of a business would be recognised only to the extent of the other investors' interest in the associate or joint venture.

The proposals would be applied prospectively from the effective date of the amendments.

The comment period for the ED ends on 23 April 2013.

For further information on these Standards refer to the additional IFRS in Focus newsletters below.

IFRS in Focus

- [*IFRS in Focus — IASB issues exposure draft on accounting for the sale or contribution of assets between an investor and its associate or joint venture*](#)

External Links

- [*IASB press release*](#)
- [*ED/2012/6 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*](#)

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