



## Heads Up

# Amendments to Australian Accounting Standards – Investment Entities

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#### “In summary”

The AASB has issued *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities*, which implements in Australia the IASB amendments to IFRS for investment entities (issued in October 2012). The issuance of the Australian amending standard ensures that Australian investment entities will be IFRS compliant.

ED 233 *Australian Additional Disclosures - Investment Entities* proposed to introduce the IASB amendments in Australia, plus additional Australian specific disclosures in the form of consolidated financial statements. The issuance of the Australian amending standard, AASB 2013-5, represents a significant change from the proposals contained in ED 233 by not requiring additional Australian specific disclosures.

AASB 2013-5 introduces a limited exception that allows an investment entity to not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. Instead, an investment entity will measure an investment in a subsidiary at fair value through profit or loss under AASB 9 *Financial Instruments*. An ‘investment entity’ is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments are effective for annual reporting periods beginning on or after 1 January 2014, with early adoption permitted.

#### External Links

- [AASB press release](#)
- [AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities](#)

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