

## IFRS in Focus

# IASB defers effective date of amendment 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'

### Contents

[Why have the amendments been issued?](#)

[What are the changes introduced by the amendments?](#)

[What are the transition requirements?](#)

### The Bottom Line

- The IASB issues amendments that postpone indefinitely the effective date of the narrow-scope amendment 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'.
- Early application of the original amendment remains permitted.

This edition of IFRS in Focus outlines the recent amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* titled *Effective Date of Amendments to IFRS 10 and IAS 28* which were issued in December 2015.

### Why have the amendments been issued?

In September 2014, the IASB issued the narrow-scope amendment 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*' ('the original amendment'). The original amendment concerned transactions of entities with an associate or joint venture. It stated that in such transactions, the extent of the gain or loss recognition depends on whether the assets sold or contributed constitute a business.

In February 2015, the IASB was in the final stages of issuing an exposure draft to clarify the original amendment in greater detail. This exposure draft also proposed to defer the effective date of the original amendment to coincide with the effective date of the clarification. However, the IASB decided not to publish the exposure draft and instead to address the issues in its research project on equity accounting.

### What are the changes introduced by the amendments?

As it is unknown if and when the research project will result in a revision of IAS 28 and what the effective date of this revision would be, the IASB postpones the effective date of the original amendment until a date to be inserted by the IASB. Once the IASB proposes an effective date, this proposed date will be exposed for public comment.

For more information please see the following websites:

[www.iasplus.com](http://www.iasplus.com)

[www.deloitte.com](http://www.deloitte.com)

**Observation**

It is difficult to predict the new effective date. The research project on the equity method will primarily focus on application issues arising from the requirements in IAS 28. However, the scope of the project could be broadened if the post implementation reviews of IFRS 10, IFRS 11 and IFRS 12 identify further deficiencies.

**What are the transition requirements?**

As the IASB had permitted early adoption of the original amendment, it decided that early application should continue to be allowed to address existing diversity in practice. The Board concluded that early application would not increase diversity.

## Key contacts

*Global IFRS Leader*  
Veronica Poole  
ifrsglobalofficeuk@deloitte.co.uk

### IFRS centres of excellence

#### Americas

<i>Canada</i>	Karen Higgins	ifrs@deloitte.ca
<i>LATCO</i>	Claudio Giaimo	ifrs-LATCO@deloitte.com
<i>United States</i>	Robert Uhl	iasplus-us@deloitte.com

#### Asia-Pacific

<i>Australia</i>	Anna Crawford	ifrs@deloitte.com.au
<i>China</i>	Stephen Taylor	ifrs@deloitte.com.cn
<i>Japan</i>	Shinya Iwasaki	ifrs@tohmatu.co.jp
<i>Singapore</i>	Shariq Barmaky	ifrs-sg@deloitte.com

#### Europe-Africa

<i>Belgium</i>	Thomas Carlier	ifrs-belgium@deloitte.com
<i>Denmark</i>	Jan Peter Larsen	ifrs@deloitte.dk
<i>France</i>	Laurence Rivat	ifrs@deloitte.fr
<i>Germany</i>	Jens Berger	ifrs@deloitte.de
<i>Italy</i>	Massimiliano Semprini	ifrs-it@deloitte.it
<i>Luxembourg</i>	Eddy Termaten	ifrs@deloitte.lu
<i>Netherlands</i>	Ralph Ter Hoeven	ifrs@deloitte.nl
<i>Russia</i>	Michael Raikhman	ifrs@deloitte.ru
<i>South Africa</i>	Nita Ranchod	ifrs@deloitte.co.za
<i>Spain</i>	Cleber Custodio	ifrs@deloitte.es
<i>United Kingdom</i>	Elizabeth Chrispin	deloitteifrs@deloitte.co.uk

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s more than 220,000 professionals are committed to making an impact that matters.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that might affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2015. For information, contact Deloitte Touche Tohmatsu Limited.

Designed and produced by The Creative Studio at Deloitte, London. J3739