AASB Standard

AASB 2017-7
December 2017

Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

[AASB 128]

Australian Government

Australian Accounting Standards Board

Obtaining a copy of this Accounting Standard

This Standard is available on the AASB website: www.aasb.gov.au.

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Preface

Standards amended by AASB 2017-7

This Standard makes amendments to AASB 128 *Investments in Associates and Joint Ventures* (August 2015).

These amendments arise from the issuance of International Financial Reporting Standard *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28) by the International Accounting Standards Board (IASB) in October 2017.

Main features of this Standard

Main requirements

This Standard amends AASB 128 to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 *Financial Instruments* before applying the loss allocation and impairment requirements in AASB 128.

Application date

This Standard applies to annual periods beginning on or after 1 January 2019. Earlier application is permitted.

Accounting Standard AASB 2017-7

The Australian Accounting Standards Board makes Accounting Standard AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures* under section 334 of the *Corporations Act 2001*.

Kris Peach
Dated 12 December 2017 Chair – AASB

Accounting Standard AASB 2017-7
Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

Objective

This Standard amends Australian Accounting Standard AASB 128 *Investments in Associates and Joint Ventures* (August 2015) as a consequence of the issuance of International Financial Reporting Standard *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28) by the International Accounting Standards Board in October 2017.

Application

The amendments set out in this Standard apply to entities and financial statements in accordance with the application of AASB 128 set out in AASB 1057 *Application of Australian Accounting Standards* (as amended).

This Standard applies to annual periods beginning on or after 1 January 2019.

This Standard may be applied to annual periods beginning before 1 January 2019. When an entity applies this Standard to such an annual period, it shall disclose that fact.

This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (…) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Amendments to AASB 128

Paragraphs 14A and 45G–45K are added and paragraph 41 is deleted. Deleted text is struck through.

Equity method

…

14A An entity also applies AASB 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture (see paragraph 38). An entity applies AASB 9 to such long-term interests before it applies paragraph 38 and paragraphs 40–43 of this Standard. In applying AASB 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying this Standard.

…

Application of the equity method

…

41 [Deleted] ~~The entity applies the impairment requirements in AASB 9 to its other interests in the associate or joint venture that are in the scope of AASB 9 and that do not constitute part of the net investment.~~

…

Effective date and transition

…

45G AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*, issued in December 2017, added paragraph 14A and deleted paragraph 41. An entity shall apply those amendments retrospectively in accordance with AASB 108 for annual reporting periods beginning on or after 1 January 2019, except as specified in paragraphs 45H–45K. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

45H An entity that first applies the amendments in paragraph 45G at the same time it first applies AASB 9 shall apply the transition requirements in AASB 9 to the long-term interests described in paragraph 14A.

45I An entity that first applies the amendments in paragraph 45G after it first applies AASB 9 shall apply the transition requirements in AASB 9 necessary for applying the requirements set out in paragraph 14A to long-term interests. For that purpose, references to the date of initial application in AASB 9 shall be read as referring to the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application of the amendments). The entity is not required to restate prior periods to reflect the application of the amendments. The entity may restate prior periods only if it is possible without the use of hindsight.

45J When first applying the amendments in paragraph 45G, an entity that applies the temporary exemption from AASB 9 in accordance with AASB 4 *Insurance Contracts* is not required to restate prior periods to reflect the application of the amendments. The entity may restate prior periods only if it is possible without the use of hindsight.

45K If an entity does not restate prior periods applying paragraph 45I or paragraph 45J, at the date of initial application of the amendments it shall recognise in the opening retained earnings (or other component of equity, as appropriate) any difference between:

(a) the previous carrying amount of long-term interests described in paragraph 14A at that date; and

(b) the carrying amount of those long-term interests at that date.

Commencement of the legislative instrument

For legal purposes, this legislative instrument commences on 31 December 2018.