

---

Project	<b>Consolidations</b>
Topic	<b>Exposure draft <i>Investment Entities</i> – sweep issues</b>

---

## Introduction and purpose of this paper

1. The investment entities project proposes a limited exemption from consolidation and equity accounting for investments held by investment entities. Qualifying entities would be required to account for their investments in entities that they control, jointly control or over which they have significant influence, at fair value through profit or loss.
2. A pre-ballot draft on the exposure draft *Investment Entities* is currently with Board members for review.
3. The purpose of this paper is to address the outstanding sweep issues, so that the exposure draft can be balloted and then published for public comment. The sweep issues to be addressed are:
  - (a) Whether entities may be permitted to apply the amendment earlier than the mandatory effective date and
  - (b) What comment period the exposure draft should have.

## Early application

4. If the proposals are implemented, they would result in an amendment to IFRS 10 *Consolidated Financial Statements*. We recommend that early application of this amendment should be permitted, in line with the effective date provisions in IFRS 10, provided that the entity also applies IFRS 11 *Joint Arrangements*,

---

This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in IASB *Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

## IASB Staff paper

IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011) at the same time. In this case, we also recommend that the effective date of the amendment is the same as that for IFRS 10, that is 1 January 2013.

**Question 1**

Does the Board agree with the staff recommendations in paragraph 4, above?

**Comment period**

5. Paragraph 100 of the IASB Due Process Handbook states that the IASB normally allows a comment period of 120 days on consultation documents. It may consider a comment period for an exposure draft of no less than 30 days if the matter is exceptionally urgent, the document is short and the IASB believes that there is likely to be a broad consensus on the topic. We recommend that the exposure draft have a comment period of no less than 120 days, because we do not think that all of the reasons for allowing a shorter comment period are relevant to this exposure draft.

**Question 2**

Does the Board agree with the staff recommendation in paragraph 5, above?

**Permission to proceed with the ballot draft****Question 3**

Does the Board agree, notwithstanding drafting comments the Board may have for us, that we can proceed with the ballot of the *Investment Entities* exposure draft?