

STAFF PAPER

April 2015

REG IASB Meeting

Project	Annual Improvements to IFRS (2015–2017 Cycle)
Paper topic	Proposal to discontinue the <i>Annual Improvements to IFRS 2014–2016 cycle</i> and to initiate the <i>Annual Improvements to IFRS 2015–2017 Cycle</i>
CONTACT(S)	Denise Durant ddurant@ifrs.org +44 (0)20 7246 6469

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Introduction

1. The IASB has tentatively decided to add two issues to *Annual Improvements to IFRS 2014–2016 Cycle*. These issues are:
 - (a) IFRS 1 *First-time Adoption of International Financial Reporting Standards*: short-term exemptions for first-time adopters. This amendment was tentatively approved by the IASB in December 2013.
 - (b) IAS 28 *Investments in Associates and Joint Ventures*: clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice. This amendment was tentatively approved by the IASB in January 2015.
2. The first issue is a proposal to delete some short-term exemptions in IFRS 1 after they had served their intended purpose. These amendments propose the deletion of:
 - (a) the short-term exemptions in paragraphs E3–E7 of IFRS 1; and
 - (b) the short-term exemptions that are related to the amendment to IFRS 7 *Financial Instruments: Disclosures* that were proposed in the Exposure Draft *Annual Improvements to IFRSs 2012–2014 Cycle* published in December 2013.

3. The second issue is a proposal to clarify the wording of paragraph 18 of IAS 28 to make clear that an entity is permitted to measure investments in associates and joint ventures (that are held by, or are held indirectly through, an entity that is a venture capital organisation, or a mutual fund, a unit trust or similar entities, including investment-linked insurance funds) at fair value through profit or loss on an investment-by-investment basis.
4. The Exposure Draft for *Annual Improvements to IFRSs 2014–2016 Cycle* was scheduled for publication and comment in the second quarter of 2015. However, besides the two proposed amendments that we have described, no other amendments have been tentatively approved by the IASB to be part of the *Annual Improvements to IFRSs 2014–2016 Cycle*. Due to this reason we are proposing that the IASB:
- (a) does not continue with the *Annual Improvements to IFRSs 2014–2016 Cycle*;
 - (b) initiates a new cycle (ie the *Annual Improvements to IFRS 2015–2017 Cycle*); and
 - (c) carries forward the proposed amendments approved by the IASB on IFRS 1 and IAS 28 (as described) to include in the next cycle, the *Annual Improvements to IFRSs 2015–2017 Cycle*.

Questions for the IASB

Questions for the IASB

1. Does the IASB agree to:
 - (a) discontinue the *Annual Improvements to IFRSs 2014–2016 Cycle*;
 - (b) initiate a new cycle (ie the *Annual Improvements to IFRS 2015–2017 Cycle*); and
 - (c) carry forward the proposed amendments on IFRS 1 (short-term exemptions for first-time adopters) and IAS 28 (measuring investees at fair value through profit or loss: an investment-by-investment choice), which were approved by the IASB in December 2013 and January 2015, respectively?