

Annual Improvements to HKFRSs 2014-2016 Cycle

Introduction

Annual Improvements to HKFRSs 2014-2016 Cycle is a series of amendments to HKFRSs in response to the International Accounting Standards Board's annual improvements project to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of any other project. By presenting the amendments in the form of a single document rather than as a series of piecemeal changes, the International Accounting Standards Board aims to ease the burden of change for all concerned.

This series of amendments consist of 3 changes to 3 HKFRSs.



HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards"

Deletion of short-term exemptions for first-time adopters

The amendments deleted the short-term exemptions covering transition provisions of HKFRS 7, HKFRS 10 and HKAS 19 and the related effective date paragraphs. The reliefs provided in those paragraphs had been available to entities only for reporting periods that had passed and therefore were no longer applicable.

An entity shall apply the amendments for annual periods beginning on or after 1 January 2018.

HKFRS 12 "Disclosure of Interests in Other Entities"

Clarification of the scope of the Standard

When an entity's interest in a subsidiary, a joint venture or an associate is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the entity is not required to disclose summarised financial information for that subsidiary, joint venture or associate.



The amendments clarified that except for the summarised financial information, other disclosure requirements in HKFRS 12 apply to the entity's interest in a subsidiary, a joint venture or an associate that is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5.

An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2017. No earlier application option is necessary because disclosing additional information is not prohibited.

HKAS 28 Investments in Associates and Joint Ventures

Measuring an associate or joint venture at fair value

HKAS 28 allows venture capital organisation, mutual funds, unit trusts and similar entities to elect to measure investments in associates or joint ventures at fair value through profit or loss. The amendments clarified that this election may be made separately for each associate or joint venture, at initial recognition of the associate or joint venture.

If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, HKAS 28 allows the entity, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. The amendments clarified that this election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

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