



Annual Improvements to NZ IFRSs 2014–2016 Cycle

This Standard was issued on 16 February 2017 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 16 March 2017.

For-profit reporting entities that are subject to this Standard are required to apply it in accordance with the effective date, which is set out in Part C.

In finalising this Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Standard is based on amendments issued by the International Accounting Standards Board (IASB) as part of its Annual Improvements process.

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ISBN 978-0-947505-31-8

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The following is available within New Zealand on the XRB website as additional material

**APPROVAL BY THE IASB OF ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2014–
2016 CYCLE ISSUED IN DECEMBER 2016**

**AMENDMENTS TO THE IASB'S BASIS FOR CONCLUSIONS ON IFRS 1 *FIRST-TIME
ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS***

**AMENDMENTS TO THE IASB'S BASIS FOR CONCLUSIONS ON IFRS 12 *DISCLOSURE
OF INTERESTS IN OTHER ENTITIES***

**AMENDMENTS TO THE IASB'S BASIS FOR CONCLUSIONS ON IAS 28 *INVESTMENTS IN
ASSOCIATES AND JOINT VENTURES***

Part A

Introduction

This document sets out amendments to NZ IFRSs as a result of the IASB's Annual Improvements process.

These amendments result from proposals that were contained in the IASB's Exposure Draft ED/2015/10 *Annual Improvements to IFRSs 2014–2016 Cycle*, published in November 2015.

The Annual Improvements process provides a mechanism for dealing efficiently with a collection of minor amendments to IFRS Standards.

The effective date of each amendment is included in the Standard affected.

Part B

Scope

This Standard applies to Tier 1 and Tier 2 for-profit entities.

NZ IFRSs addressed

The following table shows the topics addressed by these amendments.

Standard	Subject of amendment
NZ IFRS 1 <i>First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards</i>	Deletion of short-term exemptions for first-time adopters.
NZ IFRS 12 <i>Disclosure of Interests in Other Entities</i>	Clarification of the scope of the Standard.
NZ IAS 28 <i>Investments in Associates and Joint Ventures</i>	Measuring an associate or joint venture at fair value.

Amendments to NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*

Paragraphs 39L and 39T are amended, paragraphs 39D, 39F and 39AA are deleted and paragraph 39AD is added. Deleted text is struck through and new text is underlined.

Effective date

- ...
- 39D ~~[Deleted by IASB] *Limited Exemption from Comparative NZ IFRS 7 Disclosures for First-time Adopters* (Amendment to NZ IFRS 1), issued in March 2010, added paragraph E3. An entity shall apply that amendment for annual periods beginning on or after 1 July 2010. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.~~
- ...
- 39F ~~[Deleted by IASB] *Disclosures – Transfers of Financial Assets* (Amendments to NZ IFRS 7), issued in November 2010, added paragraph E4. An entity shall apply that amendment for annual periods beginning on or after 1 July 2011. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.~~
- ...
- 39L NZ IAS 19 *Employee Benefits* (as amended in August 2011) amended paragraph D17; and deleted paragraphs D10 and D11 ~~and added paragraph E5~~. An entity shall apply those amendments when it applies NZ IAS 19 (as amended in August 2011).
- ...
- 39T *Investment Entities* (Amendments to NZ IFRS 10, NZ IFRS 12 and NZ IAS 27), issued in December 2012, amended paragraphs D16, D17 and Appendix C ~~and added a heading and paragraphs E6–E7~~. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. Earlier application of *Investment Entities* is permitted. If an entity applies those amendments earlier it shall also apply all amendments included in *Investment Entities* at the same time.
- ...
- 39AA ~~[Deleted by IASB] *Annual Improvements to NZ IFRSs 2012–2014 Cycle*, issued in November 2014, added paragraph E4A. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.~~
- ...
- 39AD *Annual Improvements to NZ IFRSs 2014–2016 Cycle*, issued in February 2017, amended paragraphs 39L and 39T and deleted paragraphs 39D, 39F, 39AA and E3–E7. An entity shall apply those amendments for annual periods beginning on or after 1 January 2018.

In Appendix E, paragraphs E3–E7 and related headings are deleted.

Appendix E

Short-term exemptions from NZ IFRS

This appendix is an integral part of the Standard.

...

~~Disclosures about financial instruments~~

E3 ~~[Deleted by IASB] A first time adopter may apply the transition provisions in paragraph 44G of NZ IFRS 7.²~~

² Paragraph E3 was added as a consequence of *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* (Amendment to IFRS 1) issued in January 2010. To avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS preparers, the Board decided that first-time adopters should be permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with IFRSs that are included in *Improving Disclosures about Financial Instruments* (Amendments to NZ IFRS 7).

E4 ~~[Deleted by IASB] A first time adopter may apply the transition provisions in paragraph 44M of NZ IFRS 7.³~~

³ Paragraph E4 was added as a consequence of *Disclosures Transfers of Financial Assets* (Amendments to IFRS 7) issued in October 2010. To avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS preparers, the Board decided that first-time adopters should be permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with IFRSs that are included in *Disclosures Transfers of Financial Assets* (Amendments to NZ IFRS 7).

E4A ~~[Deleted by IASB] A first time adopter may apply the transition provisions in paragraph 44AA of NZ IFRS 7.~~

~~Employee benefits~~

E5 ~~[Deleted by IASB] A first time adopter may apply the transition provisions in paragraph 173(b) of NZ IAS 19.~~

~~Investment entities~~

E6 ~~[Deleted by IASB] A first time adopter that is a parent shall assess whether it is an investment entity, as defined in NZ IFRS 10, on the basis of the facts and circumstances that exist at the date of transition to NZ IFRS.~~

E7 ~~[Deleted by IASB] A first time adopter that is an investment entity, as defined in NZ IFRS 10, may apply the transition provisions in paragraphs C3C–C3D of NZ IFRS 10 and paragraphs 18C–18G of NZ IAS 27 if its first NZ IFRS financial statements are for an annual period ending on or before 31 December 2014. The references in those paragraphs to the annual period that immediately precedes the date of initial application shall be read as the earliest annual period presented. Consequently, the references in those paragraphs shall be read as the date of transition to NZ IFRS.~~

Amendments to NZ IFRS 12 *Disclosure of Interests in Other Entities*

Paragraph 5A is added.

Scope

...

5A Except as described in paragraph B17, the requirements in this NZ IFRS apply to an entity's interests listed in paragraph 5 that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

...

In Appendix B, paragraph B17 is amended. Deleted text is struck through and new text is underlined.

Summarised financial information for subsidiaries, joint ventures and associates (paragraphs 12 and 21)

...

*B17 When an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with NZ IFRS 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 in accordance with paragraphs B10–B16.

In Appendix C, paragraph C1D is added.

Effective date and transition

...

C1D *Annual Improvements to NZ IFRSs 2014–2016 Cycle*, issued in February 2017, added paragraph 5A and amended paragraph B17. An entity shall apply those amendments retrospectively in accordance with NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2017.

...

Amendments to NZ IAS 28 *Investments in Associates and Joint Ventures*

Paragraphs 18 and 36A are amended and paragraph 45E is added. Deleted text is struck through and new text is underlined.

Exemptions from applying the equity method

...

- 18 When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure ~~that investments in those associates and joint ventures~~ at fair value through profit or loss in accordance with NZ IFRS 9. An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture.

...

Equity method procedures

...

- 36A Notwithstanding the requirement in paragraph 36, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, 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. 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.

...

Effective date and transition

...

- 45E Annual Improvements to NZ IFRSs 2014–2016 Cycle, issued in February 2017, amended paragraphs 18 and 36A. An entity shall apply those amendments retrospectively in accordance with NZ IAS 8 for annual periods beginning on or after 1 January 2018. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

Part C – Effective Date

The amendments to NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* are effective for annual periods beginning on or after 1 January 2018.

The amendments to NZ IFRS 12 *Disclosure of Interests in Other Entities* are effective for annual periods beginning on or after 1 January 2017. An entity shall apply those amendments retrospectively in accordance with NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendments to IAS 28 *Investments in Associates and Joint Ventures* are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose this fact. An entity shall apply those amendments retrospectively in accordance with NZ IAS 8.