

Amendments to HKAS 28 - *Long-term Interests in Associates and Joint Ventures*

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Background

The International Accounting Standards Board (the “IASB”) received a submission questioning whether long-term interests in an associate or joint venture are within the scope of IFRS 9 and, if so, whether the impairment requirements in IFRS 9 apply to such long-term interests. Therefore, amendments to IAS 28 clarified the accounting treatment for long-term interest.

In January 2018, the Council of the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) responses to the Amendments to IAS 28, followed the clarification of the IASB and issued Amendments to HKAS 28 - *Long-term Interests in Associates and Joint Ventures*.

What is the clarification?	Paragraph 14A of HKAS 28 states that an entity applies HKFRS 9 to other financial instruments in an associate or joint venture to which 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.
Effective Date	The amendments shall be applied retrospectively for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.
Transition	The transition provisions apply depend if the entity applies this amendment at the same time it first applies HKFRS 9.

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