



22 September 2014

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF *MEASURING QUOTED INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AT FAIR VALUE (PROPOSED AMENDMENTS TO IFRS 10, IFRS 12, IAS 27, IAS 28 AND IAS 36 AND ILLUSTRATIVE EXAMPLES FOR IFRS 13)*

Comments to be received by 5 December 2014

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/FinancialReporting/ed-pdf-2014/ed_fair_value.pdf

As stated in the IASB's press release, accompanying the Exposure Draft, the proposed amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 *Separate Financial Statements*, IAS 28 *Investments in Associates and Joint Ventures* and IAS 36 *Impairment of Assets* aim to address questions received on:

- a. the unit of account for investments in subsidiaries, joint ventures and associates and on the fair value measurement when those investments are quoted in an active market (quoted investments); and
- b. the measurement of the recoverable amount of cash-generating units (CGUs) on the basis of fair value less costs of disposal when they correspond to entities that are quoted in an active market (quoted CGUs).

The proposed amendments clarify that an entity should measure the fair value of quoted investments and quoted CGUs as the product of the quoted price for the individual financial instruments that make up the investments held by the entity and the quantity of financial instruments.

The Exposure Draft also includes proposed amendments to the Illustrative Examples for IFRS 13 *Fair Value Measurement* to clarify questions received relating to the application of the exception in paragraph 48 of IFRS 13. The example illustrates the fair value measurement of an entity's net exposure to market risks arising from a group of financial assets and financial liabilities whose market risks are substantially the same and whose fair value measurement is categorised within Level 1 in the fair value hierarchy.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered, in developing its response to the IASB, the FRSC requests your comments to be received by the Institute on or before **5 December 2014**.



Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.