



IAS 27 SEPARATE FINANCIAL STATEMENTS

FACT SHEET

This fact sheet is based on existing requirements as at 31 December 2015 and it does not take into account recent standards and interpretations that have been issued but are not yet effective.

IMPORTANT NOTE

This fact sheet is based on the requirements of the International Financial Reporting Standards (IFRSs). In some jurisdictions, the IFRSs are adopted in their entirety; in other jurisdictions the individual IFRSs are amended. In some jurisdictions the requirements of a particular IFRS may not have been adopted. Consequently, users of the fact sheet in various jurisdictions should ascertain for themselves the relevance of the fact sheet to their particular jurisdiction. The application date included below is the effective date of the initial version of the standard unless otherwise stated.

IASB APPLICATION DATE (NON-JURISDICTION SPECIFIC)

IAS 27 was revised and reissued in May 2011 with a modified title *Separate Financial Statements* and is applicable for annual reporting periods commencing on or after 1 January 2013.

SCOPE

IAS 27 shall be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

PREPARATION OF SEPARATE FINANCIAL STATEMENTS

When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either:

- a. at cost; or
- b. in accordance with IFRS 9 *Financial Instruments*.

The entity shall apply the same accounting for each category of investments. Investments accounted for at cost shall be accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale). The measurement of investments accounted for in accordance with IFRS 9 is not changed in such circumstances.

An entity shall recognise a dividend from a subsidiary, joint venture or associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

DISCLOSURES

Refer to Appendix 1 for a checklist to assist with IAS 27 disclosure requirements.

DEFINITIONS

| | |
|--|---|
| Consolidated financial statements | The financial statements of a group in which the assets, liabilities, equity, income, expenses and cashflows of the parent and its subsidiaries are presented as those of a single economic entity. |
| Separate financial statements | Those presented by a parent (i.e. an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with IFRS 9. |

AUSTRALIAN SPECIFIC REQUIREMENTS

The Australian equivalent standard is AASB 127 *Separate Financial Statements* and is applicable for annual reporting periods commencing on or after 1 January 2013.

REDUCED DISCLOSURE REQUIREMENTS (RDR)

On 30 June 2010, the Australian Accounting Standards Board published AASB 1053 *Application of Tiers of Australian Accounting Standards* (and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*) which established a differential reporting framework, consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

- a. Tier 1: Australian Accounting Standards; and
- b. Tier 2: Australian Accounting Standards
– Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

A Tier 2 entity is a 'reporting entity' as defined in SAC 1 *Definition of the Reporting Entity* that does not have 'public accountability' as defined in AASB 1053 and is not otherwise deemed to be a Tier 1 entity by AASB 1053.

RDR is applicable to annual periods beginning on or after 1 July 2013.

When developing AASB 1053, the AASB concluded that the Australian Government and state, territory and local governments should be subject to Tier 1 requirements. The AASB also decided that General Government Sectors of the Australian Government and state and territory governments should continue to apply AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, without the reduction in disclosures provided by Tier 2. Other public sector entities are able to apply Tier 2 reporting requirements.

The requirements that do not apply to RDR entities are identified in Appendix 1 by **shading of the relevant text**. Additional disclosure requirements that are applicable to RDR entities only are included in a separate table in Appendix 1.

APPENDIX 1 – DISCLOSURE CHECKLIST

This checklist can be used to review your financial statements. You should complete the “Yes / No / N/A” column about whether the requirement is included. To ensure the completeness of disclosures, provide an explanation for “No” answers.

| CODE | | YES / NO / N/A | EXPLANATION (If required) |
|------------|--|-------------------|------------------------------|
| IAS 27.16 | <p>When a parent, in accordance with paragraphs 4(a) of IFRS 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, has the following information been disclosed in those separate financial statements:</p> <p>a. the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used; the name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements that comply with International Financial Reporting Standards have been produced for public use; and the address where those consolidated financial statements are obtainable;</p> <p>b. a list of significant investments in subsidiaries, joint ventures and associates, including:</p> <p>i. the name of those investees;</p> <p>ii. the principal place of business (and country of incorporation, if different) of those investees;</p> <p>iii. its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees; and</p> <p>c. a description of the method used to account for the investments listed under (b)?</p> | | |
| IAS 27.16A | <p>When an investment entity that is a parent (other than a parent covered by paragraphs 16) prepares, in accordance with paragraph 8A, separate financial statements as its only financial statements, has the entity disclosed that fact and also presented the disclosures relating to investment entities required by IFRS 12?</p> | | |

| CODE | | YES / NO / N/A | EXPLANATION (If required) |
|-----------|---|-------------------|------------------------------|
| IAS 27.17 | <p>When a parent (other than a parent covered by paragraphs 16-16A above) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, has the parent or investor identified the financial statements as being prepared in accordance with IFRS 10, IFRS 11 or IAS 28 (2011)?</p> <p>Has the parent or investor also disclosed in its separate financial statements:</p> <p>a. the fact that the statements are separate financial statements and the reasons why those statements are prepared if not required by law;</p> <p>b. a list of significant investments in subsidiaries, joint ventures and associates, including:</p> <p>i. the name of those investees;</p> <p>ii. the principal place of business (and country of incorporation, if different) of those investees;</p> <p>iii. its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees; and</p> <p>c. a description of the method used to account for the investments listed under (b)?</p> | | |

AUSTRALIAN DISCLOSURE REQUIREMENTS

When a not-for-profit parent, in accordance with paragraphs 4(a), Aus4.1 and Aus4.2 of AASB 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements the disclosures specified in paragraph 16, with the exception that the reference in paragraph 16(a) to 'International Financial Reporting Standards' is replaced by a reference to 'Australian Accounting Standards'.

ADDITIONAL DISCLOSURE REQUIREMENTS APPLICABLE TO RDR ENTITIES ONLY

| CODE | | YES / NO / N/A | EXPLANATION (If required) |
|-------------------|--|-------------------|------------------------------|
| AASB 127.RDR 17.1 | A parent or an investor with joint control of, or significant influence over, an investee, that prepares separate financial statements applying RDR, shall disclose the methods used to account for the investment when the investment is significant. | | |

OTHER MATTERS

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