
**STATUTORY BOARD FINANCIAL
REPORTING STANDARD**

SB-FRS 27

**Consolidated and Separate
Financial Statements**

This Standard is equivalent to FRS 27 *Consolidated and Separate Financial Statements* issued by the Accounting Standards Council on 22 June 2009.

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Statutory Board Financial Reporting Standard 27 *Consolidated and Separate Financial Statements* (SB-FRS 27) is set out in paragraphs 1–46 and the Appendix. All the paragraphs have equal authority. SB-FRS 27 should be read in the context of the *Preface to Statutory Board Financial Reporting Standards* and the *Framework for the Preparation and Presentation of Financial Statements*. SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Introduction

- IN1 The Accountant-General's Department Financial Reporting Branch, has issued the amended SB-FRS 27, to be applied for annual periods beginning on or after 1 July 2009. Earlier application is permitted. However, an entity must not apply the amendments for annual periods beginning before 1 July 2009 unless it also applies SB-FRS 103 (as revised in 2009).

Main features of the Standard

Objective

- IN2 The objective of SB-FRS 27 is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control. The Standard specifies:
- (a) the circumstances in which an entity must consolidate the financial statements of another entity (being a subsidiary);
 - (b) the accounting for changes in the level of ownership interest in a subsidiary;
 - (c) the accounting for the loss of control of a subsidiary; and
 - (d) the information that an entity must disclose to enable users of the financial statements to evaluate the nature of the relationship between the entity and its subsidiaries.

Presentation of consolidated financial statements

- IN3 A parent must consolidate its investments in subsidiaries. There is a limited exception available to some non-public entities. However, that exception does not relieve venture capital organisations, mutual funds, unit trusts and similar entities from consolidating their subsidiaries.

Consolidation procedures

- IN4 A group must use uniform accounting policies for reporting like transactions and other events in similar circumstances. The consequences of transactions, and balances, between entities within the group must be eliminated.

Non-controlling interests

- IN5 Non-controlling interests must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the ownership interests

- IN6 Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.
- IN7 When an entity loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

Separate financial statements

- IN8 When an entity elects, or is required by local regulations, to present separate financial statements, investments in subsidiaries, jointly controlled entities and associates must be accounted for at cost or in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement*.

Disclosure

- IN9 An entity must disclose information about the nature of the relationship between the parent entity and its subsidiaries.

Statutory Board Financial Reporting Standard 27

Consolidated and Separate Financial Statements

Scope

- 1 **This Standard shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent.**
- 2 This Standard does not deal with methods of accounting for business combinations and their effects on consolidation, including goodwill arising on a business combination (see SB-FRS 103 *Business Combinations*).
- 3 **This Standard shall also be applied in accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or is required by local regulations, to present separate financial statements.**

Definitions

- 4 **The following terms are used in this Standard with the meanings specified:**

Consolidated financial statements are the financial statements of a group presented as those of a single economic entity.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A ***group*** is a parent and all its subsidiaries.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

A ***parent*** is an entity that has one or more subsidiaries.

Separate financial statements are those presented by a parent, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

A ***subsidiary*** is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).

- 5 A parent or its subsidiary may be an investor in an associate or a venturer in a jointly controlled entity. In such cases, consolidated financial statements prepared and presented in accordance with this Standard are also prepared so as to comply with SB-FRS 28 *Investments in Associates* and SB-FRS 31 *Interests in Joint Ventures*.
- 6 For an entity described in paragraph 5, separate financial statements are those prepared and presented in addition to the financial statements referred to in paragraph 5. Separate financial statements need not be appended to, or accompany, those statements.
- 7 The financial statements of an entity that does not have a subsidiary, associate or venturer's interest in a jointly controlled entity are not separate financial statements.
- 8 A parent that is exempted in accordance with paragraph 10 from presenting consolidated financial statements may present separate financial statements as its only financial statements.

Presentation of consolidated financial statements

- 9 A parent, other than a parent described in paragraph 10, shall present consolidated financial statements in which it consolidates its investments in subsidiaries in accordance with this Standard.
- 10 A parent need not present consolidated financial statements if and only if:
- (a) the parent is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
 - (b) the parent's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
 - (c) the parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
 - (d) the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use.
- 11 A parent that elects in accordance with paragraph 10 not to present consolidated financial statements, and presents only separate financial statements, complies with paragraphs 38–43.

Scope of consolidated financial statements

- 12 Consolidated financial statements shall include all subsidiaries of the parent.*
- 13 Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity when there is:[†]
- (a) power over more than half of the voting rights by virtue of an agreement with other investors;
 - (b) power to govern the financial and operating policies of the entity under a statute or an agreement;
 - (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
 - (d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.
- 14 An entity may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares, or other similar instruments that have the potential, if exercised or converted, to give the entity voting power or reduce another party's voting power over the financial and operating policies of another entity (potential voting rights). The existence and effect of potential voting rights that are currently exercisable or convertible,

* If on acquisition a subsidiary meets the criteria to be classified as held for sale in accordance with SB-FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*, it shall be accounted for in accordance with that SB-FRS.

[†] See also INT SB-FRS-12 *Consolidation—Special Purpose Entities*.

including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

- 15 In assessing whether potential voting rights contribute to control, the entity examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential voting rights, except the intention of management and the financial ability to exercise or convert such rights.
- 16 A subsidiary is not excluded from consolidation simply because the investor is a venture capital organisation, mutual fund, unit trust or similar entity.
- 17 A subsidiary is not excluded from consolidation because its business activities are dissimilar from those of the other entities within the group. Relevant information is provided by consolidating such subsidiaries and disclosing additional information in the consolidated financial statements about the different business activities of subsidiaries. For example, the disclosures required by SB-FRS 108 *Operating Segments* help to explain the significance of different business activities within the group.

Consolidation procedures

- 18 In preparing consolidated financial statements, an entity combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken:
- (a) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated (see SB-FRS 103, which describes the treatment of any resultant goodwill);
 - (b) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and
 - (c) non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the parent's ownership interests in them. Non-controlling interests in the net assets consist of:
 - (i) the amount of those non-controlling interests at the date of the original combination calculated in accordance with SB-FRS 103; and
 - (ii) the non-controlling interests' share of changes in equity since the date of the combination.
- 19 When potential voting rights exist, the proportions of profit or loss and changes in equity allocated to the parent and non-controlling interests are determined on the basis of present ownership interests and do not reflect the possible exercise or conversion of potential voting rights.
- 20 Intragroup balances, transactions, income and expenses shall be eliminated in full.**
- 21 Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. SB-FRS 12 *Income Taxes* applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

- 22 **The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall be prepared as of the same date. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent unless it is impracticable to do so.**
- 23 **When, in accordance with paragraph 22, the financial statements of a subsidiary used in the preparation of consolidated financial statements are prepared as of a date different from that of the parent's financial statements, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the parent's financial statements. In any case, the difference between the end of the reporting period of the subsidiary and that of the parent shall be no more than three months. The length of the reporting periods and any difference between the ends of the reporting periods shall be the same from period to period.**
- 24 **Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events in similar circumstances.**
- 25 If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.
- 26 The income and expenses of a subsidiary are included in the consolidated financial statements from the acquisition date as defined in SB-FRS 103. Income and expenses of the subsidiary shall be based on the values of the assets and liabilities recognised in the parent's consolidated financial statements at the acquisition date. For example, depreciation expense recognised in the consolidated statement of comprehensive income after the acquisition date shall be based on the fair values of the related depreciable assets recognised in the consolidated financial statements at the acquisition date. The income and expenses of a subsidiary are included in the consolidated financial statements until the date when the parent ceases to control the subsidiary.
- 27 **Non-controlling interests shall be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.**
- 28 Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- 29 If a subsidiary has outstanding cumulative preference shares that are classified as equity and are held by non-controlling interests, the parent computes its share of profit or loss after adjusting for the dividends on such shares, whether or not dividends have been declared.
- 30 **Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners).**
- 31 In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

Loss of control

- 32 A parent can lose control of a subsidiary with or without a change in absolute or relative

ownership levels. This could occur, for example, when a subsidiary becomes subject to the control of a government, court, administrator or regulator. It also could occur as a result of a contractual agreement.

33 A parent might lose control of a subsidiary in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction. In determining whether to account for the arrangements as a single transaction, a parent shall consider all of the terms and conditions of the arrangements and their economic effects. One or more of the following may indicate that the parent should account for the multiple arrangements as a single transaction:

- (a) They are entered into at the same time or in contemplation of each other.
- (b) They form a single transaction designed to achieve an overall commercial effect.
- (c) The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement.
- (d) One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. An example is when one disposal of shares is priced below market and is compensated for by a subsequent disposal priced above market.

34 **If a parent loses control of a subsidiary, it:**

- (a) **derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;**
- (b) **derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them);**
- (c) **recognises:**
 - (i) **the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; and**
 - (ii) **if the transaction that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution;**
- (d) **recognises any investment retained in the former subsidiary at its fair value at the date when control is lost;**
- (e) **reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other SB-FRSs, the amounts identified in paragraph 35; and**
- (f) **recognises any resulting difference as a gain or loss in profit or loss attributable to the parent.**

35 If a parent loses control of a subsidiary, the parent shall account for all amounts recognised in other comprehensive income in relation to that subsidiary on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the parent reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses control of the subsidiary. For example, if a subsidiary has available-for-sale financial assets and the parent loses control of the subsidiary, the parent shall reclassify to profit or loss the gain or loss previously recognised in other comprehensive income in relation to those assets.

Similarly, if a revaluation surplus previously recognised in other comprehensive income would be transferred directly to retained earnings on the disposal of the asset, the parent transfers the revaluation surplus directly to retained earnings when it loses control of the subsidiary.

36 On the loss of control of a subsidiary, any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary shall be accounted for in accordance with other SB-FRSs from the date when control is lost.

37 The fair value of any investment retained in the former subsidiary at the date when control is lost shall be regarded as the fair value on initial recognition of a financial asset in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement* or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Accounting for investments in subsidiaries, jointly controlled entities and associates in separate financial statements

38 When an entity prepares separate financial statements, it shall account for investments in subsidiaries, jointly controlled entities and associates either:

- (a) at cost, or
- (b) in accordance with SB-FRS 39.

The entity shall apply the same accounting for each category of investments. Investments accounted for at cost shall be accounted for in accordance with SB-FRS 105 *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) in accordance with SB-FRS 105. The measurement of investments accounted for in accordance with SB-FRS 39 is not changed in such circumstances.

38A An entity shall recognise a dividend from a subsidiary, jointly controlled entity or associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

38B When a parent reorganises the structure of its group by establishing a new entity as its parent in a manner that satisfies the following criteria:

- (a) the new parent obtains control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent;
- (b) the assets and liabilities of the new group and the original group are the same immediately before and after the reorganisation; and
- (c) the owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the reorganisation

and the new parent accounts for its investment in the original parent in accordance with paragraph 38(a) in its separate financial statements, the new parent shall measure cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation.

38C Similarly, an entity that is not a parent might establish a new entity as its parent in a manner that satisfies the criteria in paragraph 38B. The requirements in paragraph 38B apply equally to such reorganisations. In such cases, references to 'original parent' and 'original group' are to the 'original entity'.

39 This Standard does not mandate which entities produce separate financial statements available for public use. Paragraphs 38 and 40–43 apply when an entity prepares separate

financial statements that comply with Statutory Board Financial Reporting Standards. The entity also produces consolidated financial statements available for public use as required by paragraph 9, unless the exemption provided in paragraph 10 is applicable.

- 40 Investments in jointly controlled entities and associates that are accounted for in accordance with SB-FRS 39 in the consolidated financial statements shall be accounted for in the same way in the investor's separate financial statements.**

Disclosure

- 41 The following disclosures shall be made in consolidated financial statements:**
- (a) the nature of the relationship between the parent and a subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power;**
 - (b) the reasons why the ownership, directly or indirectly through subsidiaries, of more than half of the voting or potential voting power of an investee does not constitute control;**
 - (c) the end of the reporting period of the financial statements of a subsidiary when such financial statements are used to prepare consolidated financial statements and are as of a date or for a period that is different from that of the parent's financial statements, and the reason for using a different date or period;**
 - (d) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances;**
 - (e) a schedule that shows the effects of any changes in a parent's ownership interest in a subsidiary that do not result in a loss of control on the equity attributable to owners of the parent; and**
 - (f) if control of a subsidiary is lost, the parent shall disclose the gain or loss, if any, recognised in accordance with paragraph 34, and:**
 - (i) the portion of that gain or loss attributable to recognising any investment retained in the former subsidiary at its fair value at the date when control is lost; and**
 - (ii) the line item(s) in the statement of comprehensive income in which the gain or loss is recognised (if not presented separately in the statement of comprehensive income).**
- 42 When separate financial statements are prepared for a parent that, in accordance with paragraph 10, elects not to prepare consolidated financial statements, those separate financial statements shall disclose:**
- (a) the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used; the name and country of incorporation or residence of the entity whose consolidated financial statements that comply with Statutory Board Financial Reporting Standards have been produced for public use; and the address where those consolidated financial statements are obtainable;**
 - (b) a list of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power**

held; and

- (c) a description of the method used to account for the investments listed under (b).

43 When a parent (other than a parent covered by paragraph 42), venturer with an interest in a jointly controlled entity or an investor in an associate prepares separate financial statements, those separate financial statements shall disclose:

- (a) the fact that the statements are separate financial statements and the reasons why those statements are prepared if not required by law;
- (b) a list of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held; and
- (c) a description of the method used to account for the investments listed under (b);

and shall identify the financial statements prepared in accordance with paragraph 9 of this Standard or SB-FRS 28 and SB-FRS 31 to which they relate.

Effective date and transition

44 An entity shall apply this Standard for annual periods beginning on or after 1 January 2005. Earlier application is encouraged. If an entity applies this Standard for a period beginning before 1 January 2004, it shall disclose that fact.

45 An entity shall apply the amendments to SB-FRS 27 made in 2009 in paragraphs 4, 18, 19, 26–37 and 41(e) and (f) for annual periods beginning on or after 1 July 2009. Earlier application is permitted. However, an entity shall not apply these amendments for annual periods beginning before 1 July 2009 unless it also applies SB-FRS 103 (as revised in 2009). If an entity applies the amendments before 1 July 2009, it shall disclose that fact. An entity shall apply the amendments retrospectively, with the following exceptions:

- (a) the amendment to paragraph 28 for attributing total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Therefore, an entity shall not restate any profit or loss attribution for reporting periods before the amendment is applied.
- (b) the requirements in paragraphs 30 and 31 for accounting for changes in ownership interests in a subsidiary after control is obtained. Therefore, the requirements in paragraphs 30 and 31 do not apply to changes that occurred before an entity applies the amendments.
- (c) the requirements in paragraphs 34–37 for the loss of control of a subsidiary. An entity shall not restate the carrying amount of an investment in a former subsidiary if control was lost before it applies those amendments. In addition, an entity shall not recalculate any gain or loss on the loss of control of a subsidiary that occurred before the amendments are applied.

45A Paragraph 38 was amended by *Improvements to SB-FRSs* issued in January 2009. An entity shall apply that amendment for annual periods beginning on or after 1 January 2009, prospectively from the date at which it first applied SB-FRS 105. Earlier application is permitted. If an entity applies the amendment for an earlier period it shall disclose that fact.

- 45B *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to SB-FRS 101 and SB-FRS 27), issued in January 2009, deleted the definition of the cost method from paragraph 4 and added paragraph 38A. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 January 2009. Earlier application is permitted. If an entity applies the changes for an earlier period, it shall disclose that fact and apply the related amendments to SB-FRS 18, SB-FRS 21 and SB-FRS 36 at the same time.
- 45C *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to SB-FRS 101 and SB-FRS 27), issued in January 2009, added paragraphs 38B and 38C. An entity shall apply those paragraphs prospectively to reorganisations occurring in annual periods beginning on or after 1 January 2009. Earlier application is permitted. In addition, an entity may elect to apply paragraphs 38B and 38C retrospectively to past reorganisations within the scope of those paragraphs. However, if an entity restates any reorganisation to comply with paragraph 38B or 38C, it shall restate all later reorganisations within the scope of those paragraphs. If an entity applies paragraph 38B or 38C for an earlier period, it shall disclose that fact.

Withdrawal of SB-FRS 27 (2008)

- 46 This Standard supersedes SB-FRS 27 *Consolidated and Separate Financial Statements* (issued in 2008).

Appendix

Amendments to other SB-FRSs

The amendments in this appendix shall be applied for annual periods beginning on or after 1 July 2009. If an entity applies the amendments to SB-FRS 27 for an earlier period, these amendments shall be applied for that earlier period. In amended paragraphs, deleted text is struck through and new text is underlined.

A1 In the following Statutory Board Financial Reporting Standards applicable at 1 July 2009, references to 'minority interest' are amended to 'non-controlling interest' in the paragraphs identified:

SB-FRS	paragraph(s)
SB-FRS 101	B2(c)(i), B2(g)(i), B2(k)
SB-FRS 4	34(c)
SB-FRS 1	54(q), 83(a)(i), 83(b)(i)
SB-FRS 7	20(b)
SB-FRS 14	16
SB-FRS 21	41
SB-FRS 32	AG29
SB-FRS 33	A1

SB-FRS 101 *First-time Adoption of Statutory Board Financial Reporting Standards*

A2 SB-FRS 101 is amended as described below.

In the rubric, the first sentence is amended as follows:

Statutory Board Financial Reporting Standard 101 *First-time Adoption of Statutory Board Financial Reporting Standards* (SB-FRS 101) is set out in paragraphs ~~1-47~~ 1-47J and Appendices A-C. All the paragraphs ...

Paragraph 26 is amended as follows:

26 This SB-FRS prohibits the retrospective application of some aspects of other SB-FRSs relating to:

...

- (c) estimates (paragraphs 31-34); ~~and~~
- (d) assets classified as held for sale and discontinued operations (paragraphs 34A and 34B); ~~and~~ and
- (e) some aspects of accounting for non-controlling interests (paragraph 34C).

After paragraph 34B a new heading and paragraph 34C are added as follows:

Non-controlling interests

34C A first-time adopter shall apply the following requirements of SB-FRS 27 *Consolidated and Separate Financial Statements* (as amended in 2009) prospectively from the date of transition to SB-FRSs:

- (a) the requirement in paragraph 28 that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance;

- (b) the requirements in paragraphs 30 and 31 for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and
- (c) the requirements in paragraphs 34–37 for accounting for a loss of control over a subsidiary.

However, if a first-time adopter elects to apply SB-FRS 103 (as revised in 2009) retrospectively to past business combinations, it also shall apply SB-FRS 27 (as amended in 2009) in accordance with paragraph B1 of this SB-FRS.

Paragraph 47J is added as follows:

- 47J SB-FRS 27 (as amended in 2009) amended paragraphs 26 and 34C. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for an earlier period, the amendments shall be applied for that earlier period.

SB-FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*

- A3 SB-FRS 105 is amended as described below.

Paragraph 33 is amended as follows:

- 33 An entity shall disclose:
- (a) ...
 - (d) the amount of income from continuing operations and from discontinued operations attributable to owners of the parent. These disclosures may be presented either in the notes or in the statement of comprehensive income.

Paragraph 44B is added as follows:

- 44B SB-FRS 27 (as amended in 2009) added paragraph 33(d). An entity shall apply that amendment for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for an earlier period, the amendment shall be applied for that earlier period. The amendment shall be applied retrospectively.

SB-FRS 1 *Presentation of Financial Statements*

- A4 Paragraph 106 of SB-FRS 1 (as revised in 2008) is amended as follows:

- 106 **An entity shall present a statement of changes in equity showing in the statement:**
- (a) **total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling minority interests;**
 - (b) **for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with SB-FRS 8; and**
 - (c) **[deleted] the amounts of transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners; and**

- (d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each changes resulting from:
- (i) profit or loss;
 - (ii) each item of other comprehensive income; and
 - (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

Paragraph 139A is added as follows:

- 139A** SB-FRS 27 (as amended in 2009) amended paragraph 106. An entity shall apply that amendment for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for an earlier period, the amendment shall be applied for that earlier period. The amendment shall be applied retrospectively.

SB-FRS 7 Statement of Cash Flows

A5 SB-FRS 7 is amended as described below.

In the rubric, the first sentence is amended as follows:

Statutory Board Financial Reporting Standard 7 *Statement of Cash Flows* (SB-FRS 7) is set out in paragraphs ~~1–53~~ 1–54. All the paragraphs ...

The heading above paragraph 39 and paragraphs 39–42 are amended as follows:

Changes in ownership interests in ~~Acquisitions and disposals of subsidiaries and other businesses units~~

- 39** The aggregate cash flows arising from obtaining or losing control ~~acquisitions and from disposals~~ of subsidiaries or other businesses units shall be presented separately and classified as investing activities.
- 40** An entity shall disclose, in aggregate, in respect of both obtaining and losing control ~~acquisitions and disposals~~ of subsidiaries or other businesses units during the period each of the following:
- (a) the total ~~purchase or disposal~~ consideration paid or received;
 - (b) the portion of the ~~purchase or disposal~~ consideration discharged by means consisting of cash and cash equivalents;
 - (c) the amount of cash and cash equivalents in the subsidiaries or other businesses unit acquired or disposed of over which control is obtained or lost; and
 - (d) the amount of the assets and liabilities other than cash or cash equivalents in the subsidiaries or other businesses unit acquired or disposed of over which control is obtained or lost, summarised by each major category.
- 41** The separate presentation of the cash flow effects of acquisitions and disposals obtaining or losing control of subsidiaries ~~and~~ or other businesses units as single line items, together with the separate disclosure of the amounts of assets and liabilities

acquired or disposed of, helps to distinguish those cash flows from the cash flows arising from the other operating, investing and financing activities. The cash flow effects of ~~disposals—losing control~~ are not deducted from those of ~~acquisitions obtaining control~~.

- 42 The aggregate amount of the cash paid or received as ~~purchase or sale~~ consideration for obtaining or losing control of subsidiaries or other businesses is reported in the statement of cash flows net of cash and cash equivalents acquired or disposed of as part of such transactions, events or changes in circumstances.

Paragraphs 42A and 42B are added as follows:

- 42A Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control shall be classified as cash flows from financing activities.
- 42B Changes in ownership interests in a subsidiary that do not result in a loss of control, such as the subsequent purchase or sale by a parent of a subsidiary's equity instruments, are accounted for as equity transactions (see SB-FRS 27 *Consolidated and Separate Financial Statements* (as amended in 2009)). Accordingly, the resulting cash flows are classified in the same way as other transactions with owners described in paragraph 17.

Paragraph 54 is added as follows:

- 54 SB-FRS 27 (as amended in 2009) amended paragraphs 39–42 and added paragraphs 42A and 42B. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for an earlier period, the amendments shall be applied for that earlier period. The amendments shall be applied retrospectively.**

SB-FRS 21 *The Effects of Changes in Foreign Exchange Rates*

- A6 SB-FRS 21 is amended as described below.

The heading before paragraph 48 and paragraph 49 are amended and paragraphs 48A–48D are added as follows:

Disposal or partial disposal of a foreign operation

- 48 ...
- 48A In addition to the disposal of an entity's entire interest in a foreign operation, the following are accounted for as disposals even if the entity retains an interest in the former subsidiary, associate or jointly controlled entity:
- (a) the loss of control of a subsidiary that includes a foreign operation;
 - (b) the loss of significant influence over an associate that includes a foreign operation; and
 - (c) the loss of joint control over a jointly controlled entity that includes a foreign operation.
- 48B On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the non-controlling interests shall be derecognised, but shall not be reclassified to profit or loss.
- 48C On the partial disposal of a subsidiary that includes a foreign operation, the entity shall re-attribute the proportionate share of the cumulative amount of the**

exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation the entity shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

- 48D A partial disposal of an entity's interest in a foreign operation is any reduction in an entity's ownership interest in a foreign operation, except those reductions in paragraph 48A that are accounted for as disposals.
- 49 An entity may dispose or partially dispose of its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity. The payment of a dividend is part of a disposal only when it constitutes a return of the investment, for example when the dividend is paid out of pre-acquisition profits. ~~In the case of a partial disposal, only the proportionate share of the related accumulated exchange difference is included in the gain or loss.~~ A write-down of the carrying amount of a foreign operation, either because of its own losses or because of an impairment recognised by the investor, does not constitute a partial disposal. Accordingly, no part of the deferred foreign exchange gain or loss is recognised in other comprehensive income is reclassified to profit or loss at the time of a write-down.

Paragraph 60B is added as follows:

- 60B SB-FRS 27 (as amended in 2009) added paragraphs 48A–48D and amended paragraph 49. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for an earlier period, the amendments shall be applied for that earlier period.**

SB-FRS 28 *Investments in Associates*

- A7 SB-FRS 28 is amended as described below.

Paragraphs 18 and 19 are amended as follows:

- 18 **An investor shall discontinue the use of the equity method from the date that when it ceases to have significant influence over an associate and shall account for the investment in accordance with SB-FRS 39 from that date, provided the associate does not become a subsidiary or a joint venture as defined in SB-FRS 31. On the loss of significant influence, the investor shall measure at fair value any investment the investor retains in the former associate. The investor shall recognise in profit or loss any difference between:**
- (a) the fair value of any retained investment and any proceeds from disposing of the part interest in the associate; and
- (b) the carrying amount of the investment at the date when significant influence is lost.
- 19 **When an investment ceases to be an associate and is accounted for in accordance with SB-FRS 39, ~~the carrying amount~~ fair value of the investment at the date that when it ceases to be an associate shall be regarded as its ~~cost~~ fair value on initial measurement recognition as a financial asset in accordance with SB-FRS 39.**

Paragraph 19A is added as follows:

- 19A If an investor loses significant influence over an associate, the investor shall account for all amounts recognised in other comprehensive income in relation to that

associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the investor reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associate. For example, if an associate has available-for-sale financial assets and the investor loses significant influence over the associate, the investor shall reclassify to profit or loss the gain or loss previously recognised in other comprehensive income in relation to those assets. If an investor's ownership interest in an associate is reduced, but the investment continues to be an associate, the investor shall reclassify to profit or loss only a proportionate amount of the gain or loss previously recognised in other comprehensive income.

Paragraph 41B is added as follows:

- 41B SB-FRS 27 (as amended in 2009) amended paragraphs 18 and 19 and added paragraph 19A. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for an earlier period, the amendments shall be applied for that earlier period.**

SB-FRS 31 *Interests in Joint Ventures*

A8 SB-FRS 31 is amended as described below.

Paragraph 45 is amended as follows:

- 45 When an investor ceases to have joint control over an entity, it shall account for any remaining investment in accordance with SB-FRS 39 from that date, provided that the former jointly controlled entity does not become a subsidiary or associate. From the date on which when a jointly controlled entity becomes a subsidiary of an investor venturer, the investor venturer shall account for its interest in accordance with SB-FRS 27 and SB-FRS 103 *Business Combinations* (as revised in 2009). From the date on which when a jointly controlled entity becomes an associate of an investor venturer, the venturer investor shall account for its interest in accordance with SB-FRS 28. On the loss of joint control, the investor shall measure at fair value any investment the investor retains in the former jointly controlled entity. The investor shall recognise in profit or loss any difference between:**
- (a) the fair value of any retained investment and any proceeds from disposing of the part interest in the jointly controlled entity; and**
 - (b) the carrying amount of the investment at the date when joint control is lost.**

Paragraphs 45A and 45B are added as follows:

- 45A When an investment ceases to be a jointly controlled entity and is accounted for in accordance with SB-FRS 39, the fair value of the investment when it ceases to be a jointly controlled entity shall be regarded as its fair value on initial recognition as a financial asset in accordance with SB-FRS 39.**
- 45B If an investor loses joint control of an entity, the investor shall account for all amounts recognised in other comprehensive income in relation to that entity on the same basis as would be required if the jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the investor reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the investor loses joint control of**

the entity. For example, if a jointly controlled entity has available-for-sale financial assets and the investor loses joint control of the entity, the investor shall reclassify to profit or loss the gain or loss previously recognised in other comprehensive income in relation to those assets. If an investor's ownership interest in a jointly controlled entity is reduced, but the investment continues to be a jointly controlled entity, the investor shall reclassify to profit or loss only a proportionate amount of the gain or loss previously recognised in other comprehensive income.

Paragraph 58A is added as follows:

58A **SB-FRS 27 (as amended in 2009) amended paragraph 45 and added paragraphs 45A and 45B. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for an earlier period, the amendments shall be applied for that earlier period.**

SB-FRS 39 *Financial Instruments: Recognition and Measurement*

A9 SB-FRS 39 is amended as described below.

The last sentence of paragraph 102 is amended as follows:

102 ... **The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment (see SB-FRS 1 (revised 2009)) in accordance with paragraphs 48–49 of SB-FRS 21 on the disposal or partial disposal of the foreign operation.**

Paragraph 103E is added as follows:

103E **SB-FRS 27 (as amended in 2009) amended paragraph 102. An entity shall apply that amendment for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for an earlier period, the amendment shall be applied for that earlier period.**

INT SB-FRS-7 *Introduction of the Euro*

A10 INT SB-FRS-7 is amended as described below.

In the '**References**' section, '**SB-FRS 27 Consolidated and Separate Financial Statements (as amended in 2009)**' is added.

Paragraph 4 is amended as follows:

- 4 This means that, in particular:
- (a) ...
 - (b) cumulative exchange differences relating to the translation of financial statements of foreign operations, recognised in other comprehensive income, shall be accumulated in equity and shall be reclassified from equity to profit or loss only on the disposal or partial disposal of the net investment in the foreign operation; and ...

Under the heading '**Effective Date**' a new paragraph is added after the paragraph describing the effective date of the SB-FRS 1 amendments as follows:

SB-FRS 27 (as amended in 2009) amended paragraph 4(b). An entity shall apply that amendment for annual periods beginning on or after 1 July 2009. If an entity applies SB-FRS 27 (amended 2009) for

an earlier period, the amendment shall be applied for that earlier period.

Guidance on implementing SB-FRS 27 *Consolidated and Separate Financial Statements*, SB-FRS 28 *Investments in Associates* and SB-FRS 31 *Interests in Joint Ventures*

This guidance accompanies SB-FRS 27, SB-FRS 28 and SB-FRS 31, but is not part of them.

Consideration of potential voting rights

Introduction

IG1 Paragraphs 14, 15 and 19 of SB-FRS 27 *Consolidated and Separate Financial Statements* (as amended in 2009) and paragraphs 8 and 9 of SB-FRS 28 *Investments in Associates* require an entity to consider the existence and effect of all potential voting rights that are currently exercisable or convertible. They also require all facts and circumstances that affect potential voting rights to be examined, except the intention of management and the financial ability to exercise or convert potential voting rights. Because the definition of joint control in paragraph 3 of SB-FRS 31 *Interests in Joint Ventures* depends upon the definition of control, and because that Standard is linked to SB-FRS 28 for application of the equity method, this guidance is also relevant to SB-FRS 31.

Guidance

IG2 Paragraph 4 of SB-FRS 27 defines control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Paragraph 2 of SB-FRS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but not to control those policies. Paragraph 3 of SB-FRS 31 defines joint control as the contractually agreed sharing of control over an economic activity. In these contexts, power refers to the ability to do or effect something. Consequently, an entity has control, joint control or significant influence when it currently has the ability to exercise that power, regardless of whether control, joint control or significant influence is actively demonstrated or is passive in nature. Potential voting rights held by an entity that are currently exercisable or convertible provide this ability. The ability to exercise power does not exist when potential voting rights lack economic substance (eg the exercise price is set in a manner that precludes exercise or conversion in any feasible scenario). Consequently, potential voting rights are considered when, in substance, they provide the ability to exercise power.

IG3 Control and significant influence also arise in the circumstances described in paragraph 13 of SB-FRS 27 and paragraphs 6 and 7 of SB-FRS 28 respectively, which include consideration of the relative ownership of voting rights. SB-FRS 31 depends on SB-FRS 27 and SB-FRS 28 and references to SB-FRS 27 and SB-FRS 28 from this point onwards should be read as being relevant to SB-FRS 31. Nevertheless it should be borne in mind that joint control involves contractual sharing of control and this contractual aspect is likely to be the critical determinant. Potential voting rights such as share call options and convertible debt are capable of changing an entity's voting power over another entity—if the potential voting rights are exercised or converted, then the relative ownership of the ordinary shares carrying voting rights changes. Consequently, the existence of control (the definition of which permits only one entity to have control of another entity) and significant influence are determined only after assessing all the factors described in paragraph 13 of SB-FRS 27 and paragraphs 6 and 7 of SB-FRS 28 respectively, and considering the existence and effect of potential voting rights. In addition, the entity examines all facts and circumstances that affect potential voting rights except the intention of management and the financial ability to exercise or convert such rights. The intention of management does not affect the existence of power and the financial ability of an entity to exercise or convert potential voting rights is difficult to assess.

IG4 An entity may initially conclude that it controls or significantly influences another entity after

considering the potential voting rights that it can currently exercise or convert. However, the entity may not control or significantly influence the other entity when potential voting rights held by other parties are also currently exercisable or convertible. Consequently, an entity considers all potential voting rights held by it and by other parties that are currently exercisable or convertible when determining whether it controls or significantly influences another entity. For example, all share call options are considered, whether held by the entity or another party. Furthermore, the definition of control in paragraph 4 of SB-FRS 27 permits only one entity to have control of another entity. Therefore, when two or more entities each hold significant voting rights, both actual and potential, the factors in paragraph 13 of SB-FRS 27 are reassessed to determine which entity has control.

- IG5 The proportion allocated to the parent and non-controlling interests in preparing consolidated financial statements in accordance with SB-FRS 27, and the proportion allocated to an investor that accounts for its investment using the equity method in accordance with SB-FRS 28, are determined solely on the basis of present ownership interests. The proportion allocated is determined taking into account the eventual exercise of potential voting rights and other derivatives that, in substance, give access at present to the economic benefits associated with an ownership interest.
- IG6 In some circumstances an entity has, in substance, a present ownership as a result of a transaction that gives it access to the economic benefits associated with an ownership interest. In such circumstances, the proportion allocated is determined taking into account the eventual exercise of those potential voting rights and other derivatives that give the entity access to the economic benefits at present.
- IG7 SB-FRS 39 *Financial Instruments: Recognition and Measurement* does not apply to interests in subsidiaries, associates and jointly controlled entities that are consolidated, accounted for using the equity method or proportionately consolidated in accordance with SB-FRS 27, SB-FRS 28 and SB-FRS 31 respectively. When instruments containing potential voting rights in substance currently give access to the economic benefits associated with an ownership interest, and the investment is accounted for in one of the above ways, the instruments are not subject to the requirements of SB-FRS 39. In all other cases, instruments containing potential voting rights are accounted for in accordance with SB-FRS 39.

Illustrative examples

- IG8 The five examples below each illustrate one aspect of a potential voting right. In applying SB-FRS 27, SB-FRS 28 or SB-FRS 31, an entity considers all aspects. The existence of control, significant influence and joint control can be determined only after assessing the other factors described in SB-FRS 27, SB-FRS 28 and SB-FRS 31. For the purpose of these examples, however, those other factors are presumed not to affect the determination, even though they may affect it when assessed.

Example 1: Options are out of the money

Entities A and B own 80 per cent and 20 per cent respectively of the ordinary shares that carry voting rights at a general meeting of shareholders of Entity C. Entity A sells one-half of its interest to Entity D and buys call options from Entity D that are exercisable at any time at a premium to the market price when issued, and if exercised would give Entity A its original 80 per cent ownership interest and voting rights.

Though the options are out of the money, they are currently exercisable and give Entity A the power to continue to set the operating and financial policies of Entity C, because Entity A could exercise its options now. The existence of the potential voting rights, as well as the other factors described in paragraph 13 of SB-FRS 27, are considered and it is determined that Entity A controls Entity C.

Example 2: Possibility of exercise or conversion

Entities A, B and C own 40 per cent, 30 per cent and 30 per cent respectively of the ordinary

shares that carry voting rights at a general meeting of shareholders of Entity D. Entity A also owns call options that are exercisable at any time at the fair value of the underlying shares and if exercised would give it an additional 20 per cent of the voting rights in Entity D and reduce Entity B's and Entity C's interests to 20 per cent each. If the options are exercised, Entity A will have control over more than one-half of the voting power. The existence of the potential voting rights, as well as the other factors described in paragraph 13 of SB-FRS 27 and paragraphs 6 and 7 of SB-FRS 28, are considered and it is determined that Entity A controls Entity D.

Example 3: Other rights that have the potential to increase an entity's voting power or reduce another entity's voting power

Entities A, B and C own 25 per cent, 35 per cent and 40 per cent respectively of the ordinary shares that carry voting rights at a general meeting of shareholders of Entity D. Entities B and C also have share warrants that are exercisable at any time at a fixed price and provide potential voting rights. Entity A has a call option to purchase these share warrants at any time for a nominal amount. If the call option is exercised, Entity A would have the potential to increase its ownership interest, and thereby its voting rights, in Entity D to 51 per cent (and dilute Entity B's interest to 23 per cent and Entity C's interest to 26 per cent).

Although the share warrants are not owned by Entity A, they are considered in assessing control because they are currently exercisable by Entities B and C. Normally, if an action (eg purchase or exercise of another right) is required before an entity has ownership of a potential voting right, the potential voting right is not regarded as held by the entity. However, the share warrants are, in substance, held by Entity A, because the terms of the call option are designed to ensure Entity A's position. The combination of the call option and share warrants gives Entity A the power to set the operating and financial policies of Entity D, because Entity A could currently exercise the option and share warrants. The other factors described in paragraph 13 of SB-FRS 27 and paragraphs 6 and 7 of SB-FRS 28 are also considered, and it is determined that Entity A, not Entity B or C, controls Entity D.

Example 4: Management intention

Entities A, B and C each own 33⅓ per cent of the ordinary shares that carry voting rights at a general meeting of shareholders of Entity D. Entities A, B and C each have the right to appoint two directors to the board of Entity D. Entity A also owns call options that are exercisable at a fixed price at any time and if exercised would give it all the voting rights in Entity D. The management of Entity A does not intend to exercise the call options, even if Entities B and C do not vote in the same manner as Entity A. The existence of the potential voting rights, as well as the other factors described in paragraph 13 of SB-FRS 27 and paragraphs 6 and 7 of SB-FRS 28, are considered and it is determined that Entity A controls Entity D. The intention of Entity A's management does not influence the assessment.

Example 5: Financial ability

Entities A and B own 55 per cent and 45 per cent respectively of the ordinary shares that carry voting rights at a general meeting of shareholders of Entity C. Entity B also holds debt instruments that are convertible into ordinary shares of Entity C. The debt can be converted at a substantial price, in comparison with Entity B's net assets, at any time and if converted would require Entity B to borrow additional funds to make the payment. If the debt were to be converted, Entity B would hold 70 per cent of the voting rights and Entity A's interest would reduce to 30 per cent.

Although the debt instruments are convertible at a substantial price, they are currently convertible and the conversion feature gives Entity B the power to set the operating and financial policies of Entity C. The existence of the potential voting rights, as well as the other factors described in paragraph 13 of SB-FRS 27, are considered and it is determined that Entity B, not Entity A, controls Entity C. The financial ability of Entity B to pay the conversion price does not influence the assessment.

Appendix

Amendments to guidance on other SB-FRSs

The following amendments to guidance on other SB-FRSs are necessary in order to ensure consistency with the amendments to SB-FRS 27 and the related amendments to other SB-FRSs. In the amended paragraphs, new text is underlined and deleted text is struck through.

IGA1 In the guidance on the following Statutory Board Financial Reporting Standards applicable at 1 July 2009, references to 'minority interest' are amended to 'non-controlling interest' in the places identified:

SB-FRS	Paragraph/Example
SB-FRS 101	IG Example 4, IG Example 5, IG Example 6, IG28
SB-FRS 105	Example 11, Example 12
SB-FRS 1	IG6, IG10

SB-FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*

IGA2 In SB-FRS 105, Example 11 is amended as follows:

XYZ GROUP – STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 20X2 (illustrating the classification of expenses by function)

(in thousands of currency units)	20X2	20X1
Continuing operations		
Revenue	X	X
Cost of sales	(X)	(X)
Gross profit	X	X
Other income	X	X
Distribution costs	(X)	(X)
Administrative expenses	(X)	(X)
Other expenses	(X)	(X)
Finance costs	(X)	(X)
Share of profit of associates	X	X
Profit before tax	X	X
Income tax expense	(X)	(X)
Profit for the period from continuing operations	X	X
Discontinued operations		
Profit for the period from discontinued operations ^(a)	X	X
Profit for the period	X	X
Attributable to:		
Owners of the parent	X	X
<u>Profit for the period from continuing operations</u>	X	X
<u>Profit for the period from discontinued operations</u>	X	X
<u>Profit for the period attributable to owners of the parent</u>	X	X

Minority <u>Non-controlling</u> interests	X	X
<u>Profit for the period from continuing operations</u>	<u>X</u>	<u>X</u>
<u>Profit for the period from discontinued operations</u>	<u>X</u>	<u>X</u>
<u>Profit for the period attributable to non-controlling interests</u>	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

(a) The required analysis would be given in the notes.

SB-FRS 7 Statement of Cash Flows

IGA3 In SB-FRS 7, Note A of Appendix A is amended as follows:

A. Acquisition Obtaining control of subsidiary

During the period the Group ~~acquired~~ obtained control of subsidiary X. The fair values of assets acquired and liabilities assumed were as follows:

Cash	40
Inventories	100
Accounts receivable	100
Property, plant and equipment	650
Trade payables	(100)
Long-term debt	<u>(200)</u>
Total purchase price <u>paid in cash</u>	590
Less: Cash of <u>subsidiary X acquired</u>	<u>(40)</u>
Cash <u>paid to obtain control</u> flow on acquisition , net of cash acquired	<u>550</u>

Table of Concordance

This table shows how the contents of the superseded version of SB-FRS 27 and the amended version of SB-FRS 27 correspond. Paragraphs are treated as corresponding if they broadly address the same matter even though the guidance may differ.

Superseded SB-FRS 27 paragraph	Amended SB-FRS 27 paragraph	Superseded SB-FRS 27 paragraph	Amended SB-FRS 27 paragraph	Superseded SB-FRS 27 paragraph	Amended SB-FRS 27 paragraph
1	1	17	None	33	27
2	2	18	None	34	28
3	3	19	16	35	28
4	4	20	17	36	29
5	5	21	32	37	38
6	6	22	18	38	39
7	7	23	19	39	40
8	8	24	20	40	41
9	9	25	21	41	42
10	10	26	22	42	43
11	11	27	23	43	44
12	12	28	24		
13	13	29	25		
14	14	30	26		
15	15	31	36	None	30,31, 33–35,45
16	None	32	37		

The main amendments made in 2009 were:

- The term *minority interest* was replaced by the term *non-controlling interest*, with a new definition.
- An entity must attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The previous version required excess losses to be allocated to the owners of the parent, except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.
- Requirements were added to specify that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. The previous version did not have requirements for such transactions.
- Requirements were added to specify how an entity measures any gain or loss arising on the loss of control of a subsidiary. Any such gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The previous version required the carrying amount of an investment retained in the former subsidiary to be regarded as its cost on initial measurement of the financial asset in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement*.

The amendments also changed the structure of SB-FRS 27, by moving some paragraphs within the standard. The paragraphs were renumbered for ease of reading.