
**AMENDMENTS TO STATUTORY BOARD
FINANCIAL REPORTING STANDARDS**

***Consolidated Financial Statements,
Joint Arrangements and
Disclosure of Interests in Other Entities:
Transition Guidance***
**(Amendments to SB-FRS 110,
SB-FRS 111 and SB-FRS 112)**

The amendments apply for annual periods beginning on or after 1 January 2014.
Earlier application is permitted.

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Amendments to SB-FRS 110 *Consolidated Financial Statements*, SB-FRS 111 *Joint Arrangements* and SB-FRS 112 *Disclosure of Interests in Other Entities* - Transition Guidance

Introduction

This document sets out amendments to SB-FRS 110 *Consolidated Financial Statements* (issued January 2012).

The amendments clarify the intention of the transition guidance in SB-FRS 110. The amendments explain that the 'date of initial application' in SB-FRS 110 means 'the beginning of the annual reporting period in which SB-FRS 110 is applied for the first time'. Consequently, an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same when applying SB-FRS 27 *Consolidated and Separate Financial Statements* and INT SB-FRS 12 *Consolidation—Special Purpose Entities* and when applying SB-FRS 110. As a result, the amendments confirm that relief from retrospective application of SB-FRS 110 would also apply to an investor's interests in investees that were disposed of during a comparative period in such a way that consolidation would not occur in accordance with either SB-FRS 27/INT SB-FRS 12 or SB-FRS 110 at the date of initial application.

The amendments also clarify how an investor shall adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application is different when applying SB-FRS 110 when compared with applying SB-FRS 27/INT SB-FRS 12. Additional transition relief is provided by limiting the requirement to present adjusted comparative information to the period immediately preceding the date of initial application (the 'immediately preceding period'). Presentation of adjusted comparatives for earlier periods is permitted but not required.

SB-FRS 111 *Joint Arrangements* and SB-FRS 112 *Disclosure of Interests in Other Entities* have also been amended to provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. SB-FRS 112 is further amended to provide additional transition relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which SB-FRS 112 is applied.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

These amendments were developed after considering the views received since the publication of SB-FRSs 110, 111 and 112, including responses to the exposure draft *Transition Guidance* (Proposed amendments to SB-FRS 110).

Amendments to SB-FRS 110 Consolidated Financial Statements

In Appendix C, paragraph C1A is added.

- C1A *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to SB-FRS 110, SB-FRS 111 and SB-FRS 112), issued in September 2012, amended paragraphs C2–C6 and added paragraphs C2A–C2B, C4A–C4C, C5A and C6A–C6B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. If an entity applies SB-FRS 110 for an earlier period, it shall apply those amendments for that earlier period.

In Appendix C, paragraph C2 is amended. New text is underlined and deleted text is struck through.

- C2 An entity shall apply this SB-FRS retrospectively, in accordance with SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, except as specified in paragraphs ~~C3~~ C2A–C6.

In Appendix C, paragraphs C2A–C2B are added.

- C2A Notwithstanding the requirements of paragraph 28 of SB-FRS 8, when this SB-FRS is first applied, an entity need only present the quantitative information required by paragraph 28(f) of SB-FRS 8 for the annual period immediately preceding the date of initial application of this SB-FRS (the ‘immediately preceding period’). An entity may also present this information for the current period or for earlier comparative periods, but is not required to do so.
- C2B For the purposes of this SB-FRS, the date of initial application is the beginning of the annual reporting period for which this SB-FRS is applied for the first time.

In Appendix C, paragraphs C3–C4 are amended. Paragraph C4 has been divided into paragraphs C4 and C4A. New text is underlined and deleted text is struck through.

- C3 ~~When applying this SB-FRS for the first time~~ At the date of initial application, an entity is not required to make adjustments to the previous accounting for its involvement with either:
- entities that ~~were previously~~ would be consolidated at that date in accordance with SB-FRS 27 *Consolidated and Separate Financial Statements* and INT SB-FRS 12 *Consolidation—Special Purpose Entities* and, are still consolidated in accordance with this SB-FRS, ~~continue to be consolidated~~; or
 - entities that ~~were previously unconsolidated~~ would not be consolidated at that date in accordance with SB-FRS 27 and INT SB-FRS-12 and, are not consolidated in accordance with this SB-FRS, ~~continue not to be consolidated~~.
- C4 ~~When application of this SB-FRS for the first time results in~~ If, at the date of initial application, an investor concludes that it shall consolidate ~~consolidating~~ an investee that was not consolidated in accordance with SB-FRS 27 and INT SB-FRS 12, the investor shall:
- if the investee is a business (as defined in SB-FRS 103 *Business Combinations*), measure the assets, liabilities and non-controlling interests in that previously unconsolidated investee ~~on the date of initial application~~ as if that investee had been consolidated (and thus had applied acquisition accounting in accordance with SB-FRS 103) from the date when the investor obtained control of that investee on the basis of the requirements of this SB-FRS. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that control was obtained is earlier than the beginning of the immediately

preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

- (i) the amount of assets, liabilities and non-controlling interests recognised; and
- (ii) the previous carrying amount of the investor's involvement with the investee.

(b) if the investee is not a business (as defined in SB-FRS 103), measure the assets, liabilities and non-controlling interests in that previously unconsolidated investee ~~on the date of initial application~~ as if that investee had been consolidated (applying the acquisition method as described in SB-FRS 103 but without recognising any goodwill for the investee) from the date when the investor obtained control of that investee on the basis of the requirements of this SB-FRS. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that control was obtained is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, aAny difference between:

- (i) the amount of assets, liabilities and non-controlling interests recognised; and
- (ii) the previous carrying amount of the investor's involvement with the investee.

~~shall be recognised as a corresponding adjustment to the opening balance of equity.~~

~~(e)C4A~~ if measuring an investee's assets, liabilities and non-controlling interests in accordance with paragraph C4(a) or (b) is impracticable (as defined in SB-FRS 8), the an investor shall:

- ~~(i)(a)~~ if the investee is a business, apply the requirements of SB-FRS 103 as of the deemed acquisition date. The deemed acquisition date shall be the beginning of the earliest period for which application of SB-FRS 103 paragraph C4(a) is practicable, which may be the current period.
- ~~(ii)(b)~~ if the investee is not a business, apply the acquisition method as described in SB-FRS 103 but without recognising any goodwill for the investee as of the deemed acquisition date. The deemed acquisition date shall be the beginning of the earliest period for which the application of this paragraph C4(b) is practicable, which may be the current period.

~~The investor shall recognise any difference between~~ The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the deemed acquisition date is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

- (c) the amount of assets, liabilities and non-controlling interests recognised ~~at the deemed acquisition date;~~ and
- (d) ~~any previously recognised the previous carrying amounts from its~~ the previous carrying amounts of the investor's involvement with the investee, as an adjustment to equity for that period. In addition, the investor shall provide comparative information and disclosures in accordance with SB-FRS 8.

If the earliest period for which application of this paragraph is practicable is the current period, the adjustment to equity shall be recognised at the beginning of the current period.

In Appendix C, paragraphs C4B–C4C are added.

- C4B When an investor applies paragraphs C4–C4A and the date that control was obtained in accordance with this SB-FRS is later than the effective date of SB-FRS 103 as revised in 2009 (SB-FRS 103 (2009)), the reference to SB-FRS 103 in paragraphs C4 and C4A shall be to SB-FRS 103 (2009). If control was obtained before the effective date of SB-FRS 103 (2009), an investor shall apply either SB-FRS 103 (2009) or SB-FRS 103 (issued in 2004).
- C4C When an investor applies paragraphs C4–C4A and the date that control was obtained in accordance with this SB-FRS is later than the effective date of SB-FRS 27 as revised in 2009 (SB-FRS 27 (2009)), an investor shall apply the requirements of this SB-FRS for all periods that the investee is retrospectively consolidated in accordance with paragraphs C4–C4A. If control was obtained before the effective date of SB-FRS 27 (2009), an investor shall apply either:
- (a) the requirements of this SB-FRS for all periods that the investee is retrospectively consolidated in accordance with paragraphs C4–C4A; or
 - (b) the requirements of the version of SB-FRS 27 issued in 2003 (SB-FRS 27 (2003)) for those periods prior to the effective date of SB-FRS 27 (2009) and thereafter the requirements of this SB-FRS for subsequent periods.

In Appendix C, paragraphs C5–C6 are amended. Paragraph C5 has been divided into paragraphs C5 and C5A. New text is underlined and deleted text is struck through.

- C5 ~~When application of this SB-FRS for the first time results in~~ If, at the date of initial application, an investor concludes that it will no longer consolidating consolidate an investee that was consolidated in accordance with SB-FRS 27 ~~(as amended in 2009)~~ and INT SB-FRS 12, the investor shall measure its ~~retained~~ interest in the investee ~~on the date of initial application~~ at the amount at which it would have been measured if the requirements of this SB-FRS had been effective when the investor became involved with (but did not obtain control in accordance with this SB-FRS), or lost control of, the investee. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that the investor became involved with (but did not obtain control in accordance with this SB-FRS), or lost control of, the investee is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:
- (a) the previous carrying amount of the assets, liabilities and non-controlling interests; and
 - (b) the recognised amount of the investor's interest in the investee.
- C5A ~~If measuring measurement of the retained interest in the investee in accordance with paragraph C5 is impracticable (as defined in SB-FRS 8), the an~~ investor shall apply the requirements of this SB-FRS ~~for accounting for a loss of control~~ at the beginning of the earliest period for which application of this SB-FRS ~~paragraph C5~~ is practicable, which may be the current period. ~~The investor shall recognise any difference between~~ The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the date that the investor became involved with (but did not obtain control in accordance with this SB-FRS), or lost control of, the investee is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:
- (a) the ~~previously recognised~~ previous carrying amount of the assets, liabilities and non-controlling interests; and

- (b) ~~the carrying recognised amount of the investor's involvement with interest in the investee, as an adjustment to equity for that period. In addition, the investor shall provide comparative information and disclosures in accordance with SB-FRS 8.~~

If the earliest period for which application of this paragraph is practicable is the current period, the adjustment to equity shall be recognised at the beginning of the current period.

- C6 Paragraphs 23, 25, B94 and B96–B99 were amendments to SB-FRS 27 made in 2009 that were carried forward into SB-FRS 110. Except when an entity applies paragraph C3, or is required to apply paragraphs C4–C5A, the entity shall apply the requirements in those paragraphs as follows:

- (a) ...

In Appendix C, a heading and paragraphs C6A–C6B are added.
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References to the 'immediately preceding period'

- C6A Notwithstanding the references to the annual period immediately preceding the date of initial application (the 'immediately preceding period') in paragraphs C4–C5A, an entity may also present adjusted comparative information for any earlier periods presented, but is not required to do so. If an entity does present adjusted comparative information for any earlier periods, all references to the 'immediately preceding period' in paragraphs C4–C5A shall be read as the 'earliest adjusted comparative period presented'.
- C6B If an entity presents unadjusted comparative information for any earlier periods, it shall clearly identify the information that has not been adjusted, state that it has been prepared on a different basis, and explain that basis.

Amendments to SB-FRS 111 *Joint Arrangements*

In Appendix C, paragraphs C1A–C1B are added.

- C1A *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to SB-FRS 110, SB-FRS 111 and SB-FRS 112), issued in September 2012, amended paragraphs C2–C5, C7–C10 and C12 and added paragraphs C1B and C12A–C12B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. If an entity applies SB-FRS 111 for an earlier period, it shall apply those amendments for that earlier period.

Transition

- C1B Notwithstanding the requirements of paragraph 28 of SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, when this SB-FRS is first applied, an entity need only present the quantitative information required by paragraph 28(f) of SB-FRS 8 for the annual period immediately preceding the first annual period for which SB-FRS 111 is applied (the ‘immediately preceding period’). An entity may also present this information for the current period or for earlier comparative periods, but is not required to do so.

In Appendix C, paragraphs C2–C5, C7–C10 and C12 are amended. New text is underlined and deleted text is struck through.

Joint ventures—transition from proportionate consolidation to the equity method

- C2 When changing from proportionate consolidation to the equity method, an entity shall recognise its investment in the joint venture as at the beginning of the ~~earliest~~ immediately preceding period ~~presented~~. That initial investment shall be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. If the goodwill previously belonged to a larger cash-generating unit, or to a group of cash-generating units, the entity shall allocate goodwill to the joint venture on the basis of the relative carrying amounts of the joint venture and the cash-generating unit or group of cash-generating units to which it belonged.
- C3 The opening balance of the investment determined in accordance with paragraph C2 is regarded as the deemed cost of the investment at initial recognition. An entity shall apply paragraphs 40–43 of SB-FRS 28 (as amended in 2011) to the opening balance of the investment to assess whether the investment is impaired and shall recognise any impairment loss as an adjustment to retained earnings at the beginning of the ~~earliest~~ immediately preceding period ~~presented~~. The initial recognition exception in paragraphs 15 and 24 of SB-FRS 12 *Income Taxes* does not apply when the entity recognises an investment in a joint venture resulting from applying the transition requirements for joint ventures that had previously been proportionately consolidated.
- C4 If aggregating all previously proportionately consolidated assets and liabilities results in negative net assets, an entity shall assess whether it has legal or constructive obligations in relation to the negative net assets and, if so, the entity shall recognise the corresponding liability. If the entity concludes that it does not have legal or constructive obligations in relation to the negative net assets, it shall not recognise the corresponding liability but it shall adjust retained earnings at the beginning of the ~~earliest~~ immediately preceding period ~~presented~~. The entity shall disclose this fact, along with its cumulative unrecognised share of losses of its joint ventures as at the beginning of the ~~earliest~~ immediately preceding period ~~presented~~ and at the date at which this SB-FRS is first applied.

C5 An entity shall disclose a breakdown of the assets and liabilities that have been aggregated into the single line investment balance as at the beginning of the earliest immediately preceding period presented. That disclosure shall be prepared in an aggregated manner for all joint ventures for which an entity applies the transition requirements referred to in paragraphs C2–C6.

C6 ...

Joint operations—transition from the equity method to accounting for assets and liabilities

C7 When changing from the equity method to accounting for assets and liabilities in respect of its interest in a joint operation, an entity shall, at the beginning of the earliest immediately preceding period presented, derecognise the investment that was previously accounted for using the equity method and any other items that formed part of the entity's net investment in the arrangement in accordance with paragraph 38 of SB-FRS 28 (as amended in 2011) and recognise its share of each of the assets and the liabilities in respect of its interest in the joint operation, including any goodwill that might have formed part of the carrying amount of the investment.

C8 An entity shall determine its interest in the assets and liabilities relating to the joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement. An entity measures the initial carrying amounts of the assets and liabilities by disaggregating them from the carrying amount of the investment at the beginning of the earliest immediately preceding period presented on the basis of the information used by the entity in applying the equity method.

C9 Any difference arising from the investment previously accounted for using the equity method together with any other items that formed part of the entity's net investment in the arrangement in accordance with paragraph 38 of SB-FRS 28 (as amended in 2011), and the net amount of the assets and liabilities, including any goodwill, recognised shall be:

- (a) offset against any goodwill relating to the investment with any remaining difference adjusted against retained earnings at the beginning of the earliest immediately preceding period presented, if the net amount of the assets and liabilities, including any goodwill, recognised is higher than the investment (and any other items that formed part of the entity's net investment) derecognised.
- (b) adjusted against retained earnings at the beginning of the earliest immediately preceding period presented, if the net amount of the assets and liabilities, including any goodwill, recognised is lower than the investment (and any other items that formed part of the entity's net investment) derecognised.

C10 An entity changing from the equity method to accounting for assets and liabilities shall provide a reconciliation between the investment derecognised, and the assets and liabilities recognised, together with any remaining difference adjusted against retained earnings, at the beginning of the earliest immediately preceding period presented.

C11 ...

Transition provisions in an entity's separate financial statements

C12 An entity that, in accordance with paragraph 10 of SB-FRS 27, was previously accounting in its separate financial statements for its interest in a joint operation as an investment at cost or in accordance with SB-FRS 39 shall:

- (a) derecognise the investment and recognise the assets and the liabilities in respect of its interest in the joint operation at the amounts determined in accordance with paragraphs C7–C9.

- (b) provide a reconciliation between the investment derecognised, and the assets and liabilities recognised, together with any remaining difference adjusted in retained earnings, at the beginning of the earliest immediately preceding period presented.

In Appendix C, a heading and paragraphs C12A–C12B are added.

References to the ‘immediately preceding period’

- C12A Notwithstanding the references to the ‘immediately preceding period’ in paragraphs C2–C12, an entity may also present adjusted comparative information for any earlier periods presented, but is not required to do so. If an entity does present adjusted comparative information for any earlier periods, all references to the ‘immediately preceding period’ in paragraphs C2–C12 shall be read as the ‘earliest adjusted comparative period presented’.
- C12B If an entity presents unadjusted comparative information for any earlier periods, it shall clearly identify the information that has not been adjusted, state that it has been prepared on a different basis, and explain that basis.

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

This appendix sets out an amendment to SB-FRS 101 *First-time Adoption of Statutory Board Financial Reporting Standards* that is a consequence of issuing the amendments to SB-FRS 111 *Joint Arrangements*. The amended paragraph is shown with new text underlined and deleted text struck through. An entity shall apply that amendment when it applies SB-FRS 1.

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

Paragraph 39S is added.

- 39S *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to SB-FRS 110, SB-FRS 111 and SB-FRS 112), issued in September 2012, amended paragraph D31. An entity shall apply that amendment when it applies SB-FRS 111.

In Appendix D, paragraph D31 is amended. New text is underlined and deleted text is struck through.

Joint arrangements

- D31 A first-time adopter may apply the transition provisions in SB-FRS 111 with the following exceptions:-
- (a) When applying the transition provisions in SB-FRS 111, a first-time adopter shall apply these provisions at the date of transition to SB-FRS.
- (b) When changing from proportionate consolidation to the equity method, a first-time adopter shall test for impairment the investment in accordance with SB-FRS 36 as at the ~~beginning of the earliest period presented~~ date of transition to SB-FRS, regardless of whether there is any indication that the investment may be impaired. Any resulting impairment shall be recognised as an adjustment to retained earnings at the ~~beginning of the earliest period presented~~ date of transition to SB-FRS.

Amendments to SB-FRS 112 *Disclosure of Interests in Other Entities*

In Appendix C, paragraphs C1A and C2A–C2B are added.
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- C1A *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to SB-FRS 110, SB-FRS 111 and SB-FRS 112), issued in September 2012, added paragraphs C2A–C2B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. If an entity applies SB-FRS 112 for an earlier period, it shall apply those amendments for that earlier period.
- C2 ...
- C2A The disclosure requirements of this SB-FRS need not be applied for any period presented that begins before the annual period immediately preceding the first annual period for which SB-FRS 112 is applied.
- C2B The disclosure requirements of paragraphs 24–31 and the corresponding guidance in paragraphs B21–B26 of this SB-FRS need not be applied for any period presented that begins before the first annual period for which SB-FRS 112 is applied.