STATUTORY BOARD FINANCIAL REPORTING STANDARD

SB-FRS 27

Separate Financial Statements

This version of SB-FRS 27 does **not** include amendments that are effective for annual periods beginning **after** 1 January 2016.

CONTENTS

	Paragraphs
OBJECTIVE	**1**
SCOPE	**2**
DEFINITIONS	**4**
PREPARATION OF SEPARATE FINANCIAL STATEMENTS	**9**
DISCLOSURE	**15**
EFFECTIVE DATE AND TRANSITION	**18**
WITHDRAWAL OF SB-FRS 27 (2009)	**20**
TABLE OF CONCORDANCE	

Statutory Board Financial Reporting Standard 27 *Separate Financial Statements* (SB-FRS 27) is set out in paragraphs 1–20. All the paragraphs have equal authority. SB-FRS 27 should be read in the context of its objective, the *Preface to Statutory Board Financial Reporting Standards* and the *Conceptual Framework for Financial Reporting*. 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 SB-FRS 27 *Separate Financial Statements* contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments either at cost, in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement*, or using the equity method.

IN2 [deleted]

IN3 *Investment Entities* (Amendments to SB-FRS 110, SB-FRS 112, and SB-FRS 27), issued in January 2013, introduced an exception to the principle in SB-FRS 110 *Consolidated Financial Statements* that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement* instead of consolidating those subsidiaries in its consolidated and separate financial statements. Consequently, the amendments also introduced new disclosure requirements for investment entities in SB-FRS 112 *Disclosure of Interests in Other Entities,* with related disclosures introduced in this SB-FRS.

Statutory Board Financial Reporting Standard 27 *Separate Financial Statements*

Objective

1 The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

Scope

2 This Standard shall be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate financial statements.

3 This Standard does not mandate which entities produce separate financial statements. It applies when an entity prepares separate financial statements that comply with Financial Reporting Standards.

Definitions

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

***Consolidated financial statements* are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.**

***Separate financial statements* are those presented by, an entity in which the entity could elect, subject to the requirements in this Standard, to account for its investments in subsidiaries, joint ventures and associates either at cost, in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement,* or using the equity method as described in SB-FRS 28 *Investments in Associates and Joint Ventures*.**

5 The following terms are defined in Appendix A of SB-FRS 110 *Consolidated Financial Statements*, Appendix A of SB-FRS 111 *Joint Arrangements* and paragraph 3 of SB-FRS 28:

- as Associate
- equity method
- control of an investee
- group
- investment entity
- joint control
- joint venture
- joint venturer
- parent
- significant influence

- subsidiary.

6 Separate financial statements are those presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures in which the investments in associates or joint ventures are required by SB-FRS 28 to be accounted for using the equity method, other than in the circumstances set out in paragraphs 8–8A.

7 The financial statements of an entity that does not have a subsidiary, associate or joint venturer's interest in a joint venture are not separate financial statements.

8 An entity that is exempted in accordance with paragraph 4(a) of SB-FRS 110 from consolidation or paragraph 17 of SB-FRS 28 (as amended in 2011) from applying the equity method may present separate financial statements as its only financial statements.

8A An investment entity that is required, throughout the current period and all comparative periods presented, to apply the exception to consolidation for all of its subsidiaries in accordance with paragraph 31 of SB-FRS 110 presents separate financial statements as its only financial statements.

Preparation of separate financial statements

9 Separate financial statements shall be prepared in accordance with all applicable SB-FRSs, except as provided in paragraph 10.

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

(a) at cost;

(b) in accordance with SB-FRS 39; or

(c) using the equity method as described in SB-FRS 28.

The entity shall apply the same accounting for each category of investments. Investments accounted for at cost or using the equity method 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 for distribution (or included in a disposal group that is classified as held for sale or for distribution). The measurement of investments accounted for in accordance with SB-FRS 39 is not changed in such circumstances.

11 If an entity elects, in accordance with paragraph 18 of SB-FRS 28 (as amended in 2011), to measure its investments in associates or joint ventures at fair value through profit or loss in accordance with SB-FRS 39, it shall also account for those investments in the same way in its separate financial statements.

11A If a parent is required, in accordance with paragraph 31 of SB-FRS 110, to measure its investment in a subsidiary at fair value through profit or loss in accordance with SB-FRS 39, it shall also account for its investment in a subsidiary in the same way in its separate financial statements.

11B When a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred, as follows:

(a) when an entity ceases to be an investment entity, the entity shall account for an investment in a subsidiary in accordance with paragraph 10. The date of the change of status shall be the deemed acquisition date. The fair value of the subsidiary at the deemed acquisition date shall represent the transferred deemed consideration when accounting for the investment in accordance with paragraph 10.

(i) [deleted]

(ii) [deleted]

(b) when an entity becomes an investment entity, it shall account for an investment in a subsidiary at fair value through profit or loss in accordance with SB-FRS 39. The difference between the previous carrying amount of the subsidiary and its fair value at the date of the change of status of the investor shall be recognised as a gain or loss in profit or loss. The cumulative amount of any gain or loss previously recognised in other comprehensive income in respect of those subsidiaries shall be treated as if the investment entity had disposed of those subsidiaries at the date of change in status.

12 Dividends from a subsidiary, a joint venture or an associate are recognised in the separate financial statements of an entity when the entity's right to receive the dividend is established. The dividend is recognised in profit or loss unless the entity elects to use the equity method, in which case the dividend is recognised as a reduction from the carrying amount of the investment.

13 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 10(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.

14 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 13. The requirements in paragraph 13 apply equally to such reorganisations. In such cases, references to 'original parent' and 'original group' are to the 'original entity'.

Disclosure

15 An entity shall apply all applicable SB-FRSs when providing disclosures in its separate financial statements, including the requirements in paragraphs 16–17.

16 When a parent, in accordance with paragraph 4(a) of SB-FRS 110, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:

(a) the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used; the name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements have been produced for public use; and the address where those consolidated financial statements are obtainable.

(b) a list of significant investments in subsidiaries, joint ventures and associates, including:

(i) the name of those investees.

(ii) the principal place of business (and country of incorporation, if different) of those investees.

(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.

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

16A When an investment entity that is a parent (other than a parent covered by paragraph 16) prepares, in accordance with paragraph 8A, separate financial statements as its only financial statements, it shall disclose that fact. The investment entity shall also present the disclosures relating to investment entities required by SB-FRS 112 *Disclosure of Interests in Other Entities.*

17 When a parent (other than a parent covered by paragraphs 16–16A) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, the parent or investor shall identify the financial statements prepared in accordance with SB-FRS 110, SB-FRS 111 or SB-FRS 28 (as amended in 2011) to which they relate. The parent or investor shall also disclose in its separate financial statements:

(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, joint ventures and associates, including:

(i) the name of those investees.

(ii) the principal place of business (and country of incorporation, if different) of those investees.

(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.

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

Effective date and transition

18 An entity shall apply this Standard for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply SB-FRS 110, SB-FRS 111, SB-FRS 112 and SB-FRS 28 (as amended in 2011) at the same time.

18A *Investment Entities* (Amendments to SB-FRS 110, SB-FRS 112 and SB-FRS 27), issued in January 2013, amended paragraphs 5, 6, 17 and 18, and added paragraphs 8A, 11A–11B, 16A and 18B–18I. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. Early adoption is permitted. If an entity applies those amendments earlier, it shall disclose that fact and apply all amendments included in *Investment Entities* at the same time.

18B If, at the date of initial application of the *Investment Entities* amendments (which, for the purposes of this SB-FRS, is the beginning of the annual reporting period for which those amendments are applied for the first time), a parent concludes that it is an investment entity, it shall apply paragraphs 18C–18I to its investment in a subsidiary.

18C At the date of initial application, an investment entity that previously measured its investment in a subsidiary at cost shall instead measure that investment at fair value through profit or loss as if the requirements of this SB-FRS had always been effective. The investment entity shall adjust retrospectively the annual period immediately preceding the date of initial application and shall adjust retained earnings at the beginning of the immediately preceding period for any difference between:

(a) the previous carrying amount of the investment; and

(b) the fair value of the investor's investment in the subsidiary.

18D At the date of initial application, an investment entity that previously measured its investment in a subsidiary at fair value through other comprehensive income shall continue to measure that investment at fair value. The cumulative amount of any fair value adjustment previously recognised in other comprehensive income shall be transferred to retained earnings at the beginning of the annual period immediately preceding the date of initial application.

18E At the date of initial application, an investment entity shall not make adjustments to the previous accounting for an interest in a subsidiary that it had previously elected to measure at fair value through profit or loss in accordance with SB-FRS 39, as permitted in paragraph 10.

18F Before the date that SB-FRS 113 *Fair Value Measurement* is adopted, an investment entity shall use the fair value amounts previously reported to investors or to management, if those amounts represent the amount for which the investment could have been exchanged between knowledgeable, willing parties in an arm's length transaction at the date of the valuation.

18G If measuring the investment in the subsidiary in accordance with paragraphs 18C–18F is impracticable (as defined in SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors),* an investment entity shall apply the requirements of this SB-FRS at the beginning of the earliest period for which application of paragraphs 18C–18F is practicable, which may be the current period. 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 it is practicable for the investment entity to measure the fair value of the subsidiary is earlier than the beginning of the immediately preceding period, the investor shall adjust equity at the beginning of the immediately preceding period for any difference between:

(a) the previous carrying amount of the investment; and

(b) the fair value of the investor's investment in the subsidiary.

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.

18H If an investment entity has disposed of, or lost control of, an investment in a subsidiary before the date of initial application of the *Investment Entities* amendments, the investment entity is not required to make adjustments to the previous accounting for that investment.

18I Notwithstanding the references to the annual period immediately preceding the date of initial application (the 'immediately preceding period') in paragraphs 18C–18G, 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 18C–18G shall be read as the 'earliest adjusted comparative period presented'. 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.

18J *Equity Method in Separate Financial Statements* (Amendments to SB-FRS 27), issued in October 2014, amended paragraphs 4-7, 10, 11B and 12. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016 retrospectively in accordance with SB-FRS 8 *Accounting Policies, Change in Accounting Estimates and Errors*. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

19 [Not used]

Withdrawal of SB-FRS 27 (2009)

20 This Standard is issued concurrently with SB-FRS 110. Together, the two SB-FRSs supersede SB-FRS 27 *Consolidated and Separate Financial Statements* (as amended in 2009).

Table of Concordance

This table shows how the contents of SB-FRS 27 *Consolidated and Separate Financial Statements* (the 'superseded SB-FRS 27') and SB-FRS 27 *Separate Financial Statements* (the 'amended SB-FRS 27') correspond. Some requirements in the superseded version of SB-FRS 27 were incorporated into SB-FRS 110 and SB-FRS 112; this table also shows how those paragraphs correspond. Paragraphs are treated as corresponding if they broadly address the same matter even though the requirements may differ.

Superseded SB-FRS 27 paragraph	Amended SB-FRS 27 paragraph	SB-FRS 110 paragraph	SB-FRS 112 paragraph
1		1	
2		3	
3	2		
4	4, 5	Appendix A	
5			
6–8	6–8		
9		1, 2	
10		4(a)	
11			
12		Appendix A	
13		7	
14		B47	
15		B48, B49	
16, 17			
18		B86	
19		B89	
20, 21		B86(c)	
22, 23		B92, B93	
24		19	
25, 26		B87, B88	
27		22	
28, 29		B94, B95	
30		23	
31		B96	
32		B83	
33–35		B97–B99	
36		25(b)	

37		25(b)	
Superseded SB-FRS 27 paragraph	**Amended SB-FRS 27 paragraph**	**SB-FRS 110 paragraph**	**SB-FRS 112 paragraph**
38	10		
38A–38C	12–14		
39	3		
40	11		
41			10–19
42, 43	16, 17		
44–45E	18		
46	20		
None	1, 9, 15, 19		

The main change made in September 2011 was that SB-FRS 110 *Consolidated Financial Statements* replaced the consolidation requirements in SB-FRS 27. Only accounting and disclosure requirements for the preparation of separate financial statements remained in SB-FRS 27; the Standard was therefore renamed *Separate Financial Statements*.