
Amendments to Statutory Board Financial Reporting Standards

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

SB-FRS 27 Consolidated and Separate Financial Statements

**Cost of an Investment in a Subsidiary, Jointly
Controlled Entity or Associate**

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Amendments to SB-FRSs

This document sets out amendments to SB-FRS 101 *First-time Adoption of Statutory Board Financial Reporting Standards* and SB-FRS 27 *Consolidated and Separate Financial Statements* (as amended by *Improvements to SB-FRSs* in January 2009) and consequential amendments to SB-FRS 18 *Revenue*, SB-FRS 21 *The Effects of Changes in Foreign Exchange Rates* and SB-FRS 36 *Impairment of Assets*.

Entities shall apply these amendments for annual periods beginning on or after 1 January 2009. Transition provisions are specified as follows:

- . • SB-FRS 101—paragraph 47K
- . • SB-FRS 27—paragraphs 45B and 45C
- . • SB-FRS 18—paragraph 38
- . • SB-FRS 36—paragraph 140D

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

The rubric is amended (new text is underlined and deleted text is struck through). After paragraph 13(e), paragraph 13(ea) is added. After paragraph 23, a heading and paragraphs 23A and 23B are added. Paragraphs 25A and 34C are amended (deleted text is struck through). After paragraph 44, a heading and paragraph 44A are added. After paragraph 47J, paragraph 47K is added.

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– ~~47J~~47K ...

Recognition and measurement

Exemptions from other SB-FRSs

13. An entity may elect to use one or more of the following exemptions:

- (a) ...
- (ea) investments in subsidiaries, jointly controlled entities and associates (paragraphs 23A and 23B);
- (f) ...

Investments in subsidiaries, jointly controlled entities and associates

23A When an entity prepares separate financial statements, SB-FRS 27 *Consolidated and Separate Financial Statements* requires it to account for its investments in subsidiaries, jointly controlled entities and associates either:

- (a) at cost or
- (b) in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement*.

23B If a first-time adopter measures such an investment at cost in accordance with paragraph 23A(a), it shall measure that investment at one of the following amounts in its separate opening SB-FRS statement of financial position:

- (a) cost determined in accordance with SB-FRS 27 or
- (b) deemed cost. The deemed cost of such an investment shall be its:
 - (i) fair value (determined in accordance with SB-FRS 39) at the entity's date of transition to SB-FRSs in its separate financial statements or

- (iii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, jointly controlled entity or associate that it elects to measure using a deemed cost.

Designation of previously recognised financial instruments

- 25A SB-FRS 39 ~~Financial Instruments: Recognition and Measurement~~ permits...

Exceptions to retrospective application of other SB-FRSs

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 2008) ...

Presentation and disclosure

Use of deemed cost for investments in subsidiaries, jointly controlled entities and associates

- 44A Similarly, if an entity uses a deemed cost in its opening SB-FRS statement of financial position for an investment in a subsidiary, jointly controlled entity or associate in its separate financial statements (see paragraph 23B), the entity's first SB-FRS separate financial statements shall disclose:
- (a) the aggregate deemed cost of those investments for which deemed cost is their previous GAAP carrying amount;
 - (b) the aggregate deemed cost of those investments for which deemed cost is fair value; and
 - (c) the aggregate adjustment to the carrying amounts reported under previous GAAP.

Effective date

- 47K *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 13(ea), 23A, 23B and 44A. An entity shall apply those paragraphs for annual periods beginning on or after 1 January 2009. Earlier application is permitted. If an entity applies the paragraphs for an earlier period, it shall disclose that fact.

Amendments to SB-FRS 27 *Consolidated and Separate Financial Statements* (as amended by *Improvements to SB-FRSs in 2008*)

In paragraph 4, the reference to the 'cost method' is deleted. After paragraph 38, paragraphs 38A–38C are added. After paragraph 45A, paragraphs 45B and 45C are added

Definitions

- 4 ...
~~The *cost method* is a method of accounting for an investment whereby the investment is recognised at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from retained earnings of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.~~
 ...

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

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'.

Effective date and transition

45B *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to SB-FRS 101 and SB-FRS 27), issued in October 2008, 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.

Appendix

Amendments to other SB-FRSs

Entities shall apply the following amendments to SB-FRS 18, SB-FRS 21 and SB-FRS 36 when they apply the related amendments to paragraphs 4 and 38A of SB-FRS 27. Amended paragraphs are shown with the new text underlined and deleted text struck through.

SB-FRS 18 *Revenue*

A1 SB-FRS 18 is amended as described below.

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

Statutory Board Financial Reporting Standard 18 *Revenue* (SB-FRS 18) is set out in paragraphs 1–~~37~~38. All the paragraphs ...

Paragraph 32 is amended and paragraph 38 is added as follows.

- 32 When unpaid interest has accrued before the acquisition of an interest-bearing investment, the subsequent receipt of interest is allocated between pre-acquisition and post-acquisition periods; only the post-acquisition portion is recognised as revenue. ~~When dividends on equity securities are declared from pre-acquisition profits, those dividends are deducted from the cost of the securities. If it is difficult to make such an allocation except on an arbitrary basis, dividends are recognised as revenue unless they clearly represent a recovery of part of the cost of the equity securities.~~
- 38 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to SB-FRS 101 *First-time Adoption of Statutory Board Financial Reporting Standards* and SB-FRS 27 *Consolidated and Separate Financial Statements*), issued in January 2009, amended paragraph 32. An entity shall apply that amendment prospectively for annual periods beginning on or after 1 January 2009. Earlier application is permitted. If an entity applies the related amendments in paragraphs 4 and 38A of SB-FRS 27 for an earlier period, it shall apply the amendment in paragraph 32 at the same time.

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

A2 In SB-FRS 21, paragraph 49 is amended as follows:

- 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.~~ 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 foreign exchange gain or loss recognised in other comprehensive income is reclassified to profit or loss at the time of a write-down.

SB-FRS 36 *Impairment of Assets*

A3 In SB-FRS 36, after paragraph 12(g), a heading and subparagraph (h) are added. After paragraph 140C, paragraph 140D is added.

- 12 In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:**

...

Dividend from a subsidiary, jointly controlled entity or associate

(h) for an investment in a subsidiary, jointly controlled entity or associate, the investor recognises a dividend from the investment and evidence is available that:

- (i) the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets, including associated goodwill; or**
- (ii) the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entity or associate in the period the dividend is declared.**

140D *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to SB-FRS 101 *First-time Adoption of Statutory Board Financial Reporting Standards* and SB-FRS 27), issued in January 2009, added paragraph 12(h). An entity shall apply that amendment prospectively for annual periods beginning on or after 1 January 2009. Earlier application is permitted. If an entity applies the related amendments in paragraphs 4 and 38A of SB-FRS 27 for an earlier period, it shall apply the amendment in paragraph 12(h) at the same time.