

Separate Financial Statements

This standard applies for annual periods beginning on or after 1 January 2013.
Earlier application is permitted

The standard supersedes SB-FRS 27 *Consolidated and Separate Financial Statements* issued in
September 2009.

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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 at cost or in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement*.
- IN2 The Standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

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 a parent (ie an investor with control of a subsidiary) or an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement*.

- 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 *Investments in Associates and Joint Ventures*:

- associate
- control of an investee
- group
- 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 financial statements in which investments in associates or joint ventures are accounted for using the equity method, other than in the circumstances set out in paragraph 8. Separate financial statements need not be appended to, or accompany, those statements.
- 7 Financial statements in which the equity method is applied are not separate financial statements. Similarly, 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 2012) from applying the equity method may present 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, 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). 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 2012), 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.

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

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 and 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).

17 When a parent (other than a parent covered by paragraph 16) 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 2012) 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).

The parent or investor shall also identify the financial statements prepared in accordance with SB-FRS 110, SB-FRS 111 or SB-FRS 28 (as amended in 2012) to which they relate.

Effective date and transition

18 An entity shall apply this Standard for annual periods beginning on or after 1 January 2013. 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 *Disclosure of Interests in Other Entities* and SB-FRS 28 (as amended in 2012) at the same time.

Withdrawal of SB-FRS 27 (September 2009)

- 19 This Standard is issued concurrently with SB-FRS 110. Together, the two SB-FRSs supersede SB-FRS 27 *Consolidated and Separate Financial Statements* (September 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)	
38	10		
38A–38C	12–14		
39	3		
40	11		
41			10–19

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Superseded SB-FRS 27 paragraph	Amended SB-FRS 27 paragraph	SB-FRS 110 paragraph	SB-FRS 112 paragraph
42, 43	16, 17		
44–45E	18		
46	20		
None	1, 9, 15, 19		

The main change made in January 2012 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*.