

Review of IAS 27 *Separate Financial Statements*

Objective

To review IAS 27 *Separate Financial Statements* to identify whether there are any issues of concern arising from the revised Standard.

Analysis

Changes to Definitions

Staff noted the definition of consolidated financial statements was amended to reflect the definition in IFRS 10 *Consolidated Financial Statements*. The revised definition has been extended to refer to the elements of financial statements.

In addition the definition of separate financial statements has also been amended. The revised definition replaces the description of the accounting method with the requirements for measurement at cost or under IFRS 9 *Financial Instruments*.

Staff do not consider these changes to be significant.

Changes to Requirements

Paragraphs 9 and 15 have been added to the Standard to clarify that separate financial statements are to be prepared in accordance with all applicable IFRSs (except in relation to investments in subsidiaries, joint ventures and associates) and to provide the disclosures required by all applicable IFRSs. Staff consider that these additions to the Standard are appropriate.

IFRS 11 (paragraphs 26 and 27) specifies the accounting basis in separate financial statements for a joint operator's interest in a joint operation and for the interest that a participant without joint control has in a joint operation or a joint venture. These new requirements do not acknowledge that a joint operator or participant will not have separate financial statements if it does not have a subsidiary, associate or joint venturer's interest in a joint venture (see paragraph 7 of IAS 27). That might have been obvious had the paragraphs been included in IAS 27 instead of IFRS 11, however the requirements as stated are appropriate when they are applicable.

Additional Disclosures

A minor additional disclosure requirement has been added. The additional requirement is included in paragraphs 16(a), 16(b)(ii) and 17(b)(ii) and requires the disclosure of the principal place of business in disclosing a list of significant investments in subsidiaries, joint ventures and associates, and for the parent entity that presents consolidated financial statements when the reporting entity claims exemption from consolidation. As stated in the Basis for Conclusions, paragraph BC28, the disclosures were included to make the requirements in IAS 27 more consistent with those in other IFRSs.

Staff do not consider these changes to be significant.

Editorial Changes

Numerous wording and editorial changes have been made. These changes are largely attributable to a modification in the terminology used in the Standard, e.g. 'entity' vs. 'parent' and 'joint venture' vs. 'jointly controlled entity'.

Staff do not consider these changes to be significant.