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IAS 27 Consolidated and Separate Financial Statements

This Standard shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent. *Consolidated financial statements* are the financial statements of a group presented as those of a single economic entity. *Control* is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A *group* is a parent and all its subsidiaries. A *parent* is an entity that has one or more subsidiaries. A *subsidiary* is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity.

A parent shall present consolidated financial statements in which it consolidates its investments in subsidiaries in accordance with this Standard. A parent need not present consolidated financial statements if and only if:

- (a) the parent is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
- (b) the parent's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- (c) the parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- (d) the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards.

Consolidated financial statements shall include all subsidiaries of the parent.

Consolidation procedures

Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In preparing consolidated financial statements, an entity combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken:

- (a) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated (see IFRS 3, which describes the treatment of any resultant goodwill);

- (b) minority interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and
- (c) minority interests in the net assets of consolidated subsidiaries are identified separately from the parent shareholders' equity in them. Minority interests in the net assets consist of:
 - (i) the amount of those minority interests at the date of the original combination calculated in accordance with IFRS 3; and
 - (ii) the minority's share of changes in equity since the date of the combination.

Intragroup balances, transactions, income and expenses shall be eliminated in full.

Minority interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity. Minority interests in the profit or loss of the group shall also be separately disclosed. *Minority interest* is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

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

This Standard shall also be applied in accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or is required by local regulations, to present separate financial statements. *Separate financial statements* are those presented by a parent, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

When separate financial statements are prepared, investments in subsidiaries, jointly controlled entities and associates that are not classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 shall be accounted for either:

- (a) at cost, or
- (b) in accordance with IAS 39.

The same accounting shall be applied for each category of investments. Investments in subsidiaries, jointly controlled entities and associates that are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 shall be accounted for in accordance with that IFRS.

Investments in jointly controlled entities and associates that are accounted for in accordance with IAS 39 in the consolidated financial statements shall be accounted for in the same way in the investor's separate financial statements.