

IFRS IN BRIEF

IAS 27 Separate Financial Statements



SCOPE

Separate financial statements are:

- financial statements presented in addition to consolidated financial statements
- Financial statements presented by an entity that is exempted by IFRS 10 from preparing consolidated financial statements
- Financial statements presented by an entity that is exempted from applying the equity method by IAS 28

The financial statements of an entity that does not have subsidiaries, associates or an interest in a joint venture are not separate financial statements. The primary objective of IAS 27 is to establish the accounting and disclosure requirements for investments in subsidiaries, associates and joint ventures within separate financial statements.

MEASUREMENT REQUIREMENTS

Separate financial statements should comply with the requirements of other IFRS Accounting Standards except for investments in subsidiaries, associates and joint ventures.

For each category of investments, there is an accounting policy choice to account for these investments at either:

- Cost;
- At fair value in accordance with IFRS 9; or
- Equity method in accordance with IAS 28

When such investments are held-for-sale, if the accounting policy is cost or the equity method, the measurement requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies.

Dividends

When investments are accounted for at cost or fair value, dividend income from investments in subsidiaries, associates and joint ventures are recognised as income in profit or loss when the entity is entitled to it, unless the investee is classified as held for sale.

DISCLOSURES

Separate financial statements should comply with the disclosure requirements of other IFRS Accounting Standards. IAS 27 requires disclosures about the nature of the relationship between the parent and its subsidiaries, including explanations of how control is determined and any changes in ownership interests.

Where the separate financial statements are the only set of financial statements additional disclosures are required including:

- Details of significant investments
- Accounting methods used;
- Reasons for this being the only set of financial statements prepared.

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