

IND AS 27 – Separate Financial Statement

CA. Mayank Lakhani

B.Com. ACA. Dip.IFRS (U.K)

Mobile no : +91 9953058997

Email Id : camayanklakhani@gmail.com



Disclaimer

“The material/presentation is prepared for use in educational programmes conducted by the Institute of Chartered Accountants of India. The views expressed herein do not necessarily represent the views of the Council of the Institute or any of its Committees.”

OBJECTIVE

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.

DEFINITIONS

Separate Financial Statements are those presented by a parent 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 Ind-AS 109 , *Financial Instruments*.

Choice of Accounting Method

In the preparation of SFS, an entity accounts for its investments in subsidiaries, joint ventures and associates either:

- a. At cost, or
 - b. In accordance with Ind-AS 109 Financial Instruments.
- Ø The entity applies the same accounting for each category of investments.

In IFRS, with effect from 1 January 2016, entities have the option to use equity method as discussed in IAS 28. **However, this is not permitted under Ind AS.**

Other accounting requirements

Ø Dividend- 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.

Ø Impairment-

Ø Investment at cost- IAS 36/ Ind AS 36 Impairment of assets

Ø Investment as per Ind AS-109- In accordance with that standard

Ø Classified as Held for sale-

Ø Investment at cost- IFRS 5/ Ind AS 105

Ø Investment as per Ind AS-109- In accordance with that standard

DISCLOSURE

When parent takes exemption from consolidation and present only separate financial statement, then disclose-

- 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.
- 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 of those investees
 - iii. Its proportion of the ownership interest held in those investees.
- c. A description of the method used to account for the investments listed under b.