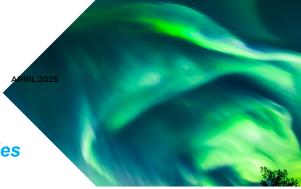


IFRS IN BRIEF

IFRS 12 Disclosure of interests in other entities



SCOPE

IFRS 12 outlines the disclosure requirements for investment in other entities including interests in:

- Subsidiaries
- Joint arrangements (joint ventures) and joint operations)
- Associates
- Unconsolidated structured entities

IFRS 12 does not require disclosures for:

- entities that participate in joint arrangements but do not have joint control
- post-employment or other long-term employee benefit plans to which IAS 19 applies
- Interests accounted for as financial instruments to which IFRS 9 applies, unless it is an interest in an associate or joint venture accounted for at fair value in accordance with IAS 28, or an interest in an unconsolidated structured entities.

Certain, but not all, disclosure requirements apply to interests classified as held for sale in accordance with IFRS 5.

IFRS 12 also does not apply to separate financial statements prepared in accordance with IAS 27

The disclosures provide information regarding the natures and risk of interests in other entities and the associated financial effects

SIGNIFICANT JUDGEMENTS AND **ASSUMPTIONS**

Disclosure is required as to any significant judgements and assumptions made as well as changes made to those judgements and assumptions in determining that the entity:

- Controls another entity
- has joint control of an arrangement
- has significant influence over an entity

Disclosures are also required around the significant judgements relating to:

- determining the type of joint arrangement where it has been structured through a separate vehicle.
- Determining if the entity is an investment entity and information arising from changes in investment entity status.

INTEREST IN SUBSIDIARIES

The disclosures are required to explain the composition of the group and the interest that non-controlling interests (NCI) have in the group's activities and cash flows, and any other impacts interests in subsidiaries have on the consolidated accounts

Where the financial statements of a subsidiary used to prepare consolidated financial statements are of a different date to the consolidated financial statements, entities should disclose:



- The date of the end of the subsidiaries' reporting period
- Explanation as to why there is a different date.

Where there has been a change in ownership percentage of a subsidiary during the period entities should disclose

- The effect of the change on equity when there has been no loss in control.
- Gain or loss that arose on disposal from a loss in control, including the line item(s) in profit or loss in which the gain or loss is recognised.

Restrictions

Where significant restrictions exist that limit the group from accessing and using the assets of a subsidiary to settle the liabilities of the group, disclosures should include:

- Details of any statutory, regulatory or contractual restrictions
- Guarantees or other requirements that may restrict dividends, capital distributions, or loan advances or repayments being made between group entities.
- Nature and extent of any protective rights of NCI
- The carrying amount of the assets and liabilities to which the restrictions applies

Non-controlling interests

Where an entity has NCI in a subsidiary, disclosures should include:

- Details of the subsidiary including name and principal place of business
- Proportion of ownership interests held by NCI

- Proportion of NCI voting rights, if different from the proportion of ownership interests held
- Profit or loss attributable to NCI
- Accumulated NCI interest at the end of the period
- Summarised financial information about the subsidiary

Interests in consolidated structured entities

Where entities have interests in consolidated structured entities disclosures are required in relation to support provided to those structured entities including:

- Any contractual arrangements that could require the group to provide support
- If the group has provided financial or other support during the period without having contractual obligation to do so, details of the support and the reasons for it
- Details of any financial or other support provided to previously unconsolidated structured entity that it was not contractually obligated to do so, and as a result the structured entity becomes a consolidated entity
- Any current intentions to provide or assist in obtaining additional financial or other support in the future to structured entities.



TERESTS IN UNCONSOLIDATED **SUBSIDIARIES**

These disclosures are only applicable to investment entities who do not consolidate their subsidiaries. Such entities are required to disclose that fact.

For each unconsolidated subsidiary investment entities should disclose:

- Entities name.
- Principal place of business
- Ownership interest held

If the investment entity is a parent of another investment entity, the above disclosures shall also be provided for the investments controlled by the subsidiary investment entity.

Other disclosures required by investment entities includes:

- The nature and extent of any significant restrictions on the ability of an unconsolidated subsidiary to transfer funds back to the investment entity
- Any current commitments or intentions to provide support in the future to the unconsolidated subsidiary
- Details of support provided to an unconsolidated subsidiary during the period where there was no contractual obligation to do so, including the reasons for providing the support
- Details of any contractual arrangements that could require the group to provide financial support to an unconsolidated subsidiary, and the extent of that potential exposure
- If the group provided any financial support to an unconsolidated structured entity that the entity did not control, where it was not contractually obligated to do so, and

the provision of the support results in the group controlling the entity, details of the reasons for providing that support.

INTERESTS IN JOINT ARRANGEMENTS AND ASSOCIATES

Disclosures are required to explain the nature and extent of interests in associates and joint arrangements, including relationships with other investors, as well as the nature and changes in the risks associated with the interests as well.

Disclosures are required separately for each material joint arrangement and associate, and in aggregate separately for immaterial joint ventures and immaterial associates, information including the following:

- The name of the associate or joint arrangement
- Nature of the relationship with the associate or joint arrangement
- Principal place of business
- Ownership interest or participating share and if different the proportion of voting rights held
- Measurement basis
- Summarised financial information
- The quoted market price for the investment if it is listed and equity accounted
- When there is a difference in reporting date of a joint venture or associate's financial statements used in applying the equity method.

In addition, commitments to joint ventures, and contingent liabilities relating to associates and joint ventures should be disclosed separately from other



commitments and contingent liabilities of the entity.

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Disclosures are required around the following in relation to interests in unconsolidated structured entities. Disclosures should be made in a tabular format unless another format is more appropriate

Nature of interests

Qualitative and quantitative information about interest in unconsolidated structured entities including nature, purpose, size and activities of the structured entities. Disclosures should include

- How the entity has determined the structured entities it sponsored
- Classification of sponsoring activities into relevant categories

- Income from the structured entities. including description of types of
- Carrying amount of assets transferred to the structured entity at the time of transfer

Nature of risks

- Carrying amount of recognised assets and liabilities associated with the interest in the structured entity
- Maximum exposure to losses from the structured entity
- Any financial or other support the entity has provided to structured entity that it currently or previously has had an interest in
- Any intentions to provide additional financial or other support in the future to structured entities.

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