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# IAS - 27

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Consolidated and  
Separate Financial  
Statements

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**International Accounting Standard No 27 (IAS 27)**  
**Consolidated and Separate Financial Statements**

## Scope

- 1. These regulations will be applied in the preparation and presentation of consolidated financial statements of a group of entities under the control of a dominant.**
2. This Standard does not address the methods for accounting for business combinations and their effects on consolidation, including the treatment of goodwill arising from the business combination (see IFRS 3 Business Combinations).
- 3. In the event that the entity submitting the financial statements has elected or is required by local regulations, to prepare separate financial statements, also apply this Standard in accounting for investments in subsidiaries, jointly controlled entities and associated companies.**

## Definitions

4. The following terms are used in this Standard with the meanings specified below:

Consolidated financial statements are the financial statements of a group, presented as if it were a single economic entity.

Control is the power to direct the financial and operating policies of an entity, in order to obtain benefits from its activities

One group is the group formed by the parent and all its subsidiaries.

Minority interests are that part of the results and net assets of the subsidiary that do not correspond, either directly or indirectly through other subsidiaries, the involvement of the dominant group.

A dominant (or parent) is one entity that has one or more dependents.

The financial statements are separate financial statements of an investor, whether a dominant investor in an associate or a partner in a jointly controlled entity, in which investments are accounted for from the amounts invested directly and not depending on the results and net assets held by the entity in which it has invested.

A dependent (or subsidiary) is controlled by another entity (known as the dominant or parent). The subsidiary may take various forms, including unincorporated entities defined, such as associative forms for business purposes.

5. A dominant or one of its investors may be dependent on a partner or partners in a jointly controlled entity. In these cases, the consolidated financial statements are prepared and presented in accordance with this Standard shall comply with the provisions of IAS 28 Investments in associates and IAS 31 Interests in joint ventures.
6. For the entities referred to in paragraph 5, separate financial statements are those that prepare and submit in addition to the consolidated financial statements referred to above in paragraph 5. Will not require separate financial statements are attached to or

accompanying consolidated financial statements.

7. The financial statements of an entity that does not have dependents or partners, or participation in a jointly controlled entity are not separate financial statements.
8. A dominant, according to paragraph 10, is exempted from drawing up consolidated financial statements, may present separate financial statements as their only financial statements.

#### **Presentation of consolidated financial statements**

9. **One Dominant, other than those described in paragraph 10, will prepare consolidated financial statements, which consolidates its investments in subsidiaries, in accordance with this Standard.**
10. **need not prepare consolidated financial statements dominant if and only if:**
  - (a) that is dominant, in turn, dependent wholly or partly dominated by another entity, and its other owners, including those not entitled to vote in other circumstances, have been informed and have expressed no objection to the dominant not prepare consolidated financial statements;**
  - (b) instruments liabilities or net worth of the parent are not traded on a public market (either a stock exchange or a foreign national or a non-market organizations, including regional and local markets);**
  - (c) the parent does not register, or is in the process of recording their statements in a securities commission or other regulatory organization, to deliver some kind of instruments in a public market, and**
  - (d) the last dominant or one of the dominant intermediate prepared consolidated financial statements available to the public, that comply with International Financial Reporting Standards.**
11. All-dominant choice in accordance with paragraph 10 does not produce consolidated financial statements and prepare separate financial statements only, observe paragraphs 37 to 42 of this Standard.

#### **Scope of consolidated financial statements**

12. The consolidated financial statements include all subsidiaries of the parent.\*
13. It is presumed that there is control when the parent owns, directly or indirectly through other subsidiaries, more than half the voting power of another entity, unless exceptional circumstances exist where it can clearly demonstrate that such possession does not constitute control . There is also a once dominant, has half or less of the voting power of another entity, provided: †
  - (a) power over more than half of the voting rights, under an agreement with other investors;

(b) the power to direct the financial and operating policies of the entity as a legal statute or some kind of agreement;

(c) has the power to appoint or remove a majority of the members of the board of directors or equivalent governing body, provided that the entity is controlled by the same or

(d) the power to cast the most votes at meetings of the board of directors or equivalent governing body, provided that the entity is controlled by it.

14. An entity may own warrants for subscription of shares (warrants), stock options, instruments or equity liabilities that are convertible into ordinary shares or similar instruments which, if exercised or converted, could give the entity voting power or reduce the voting power of third parties on the financial and operating policies of another entity (potential voting rights). When evaluating whether a particular entity has the power to direct the financial and operating policies of another, is taken into consideration the existence and effect of potential voting rights that are currently exercisable or convertible, including voting rights potential possessed by another entity. Not considered as potential voting rights exercisable or convertible at that time which, for example, cannot be exercised or converted until a future date, or until an event has occurred future.
15. In assessing whether potential voting rights contribute to control, the entity shall consider all facts and circumstances (including the conditions of exercise of such rights and any other potential contractual arrangements, considered alone or in combination) that affect potential rights except the intention of management to exercise or convert and financial capacity to carry it out.
16. [Deleted]
17. [Deleted]
18. [Deleted]
19. A dependent is not excluded from consolidation simply because the investor is a venture capital entity, a collective investment fund as an investment or other similar entity.
20. is not excluded from the consolidation of a subsidiary because its business activities are different from those carried out by other group entities. Provide relevant information by consolidating such subsidiaries and disclosing additional information within the consolidated financial statements, on the various business activities carried out by them. For example, the disclosure required by IFRS 8 Operating Segments, may help to explain the significance of different business activities within the group.
21. The dominant lose control it lacks the power to direct the financial and operating policies of the investee to obtain benefits from its activities. The loss of control may or may not be accompanied by a change in absolute or relative levels of ownership. Could take place, for example, when the subsidiary becomes subject to scrutiny by the Civil Service of a court, an administrator from outside the group or a regulator. It could also occur as a result of a contractual agreement.

## **Consolidation procedures**

22. In preparing the consolidated financial statements, the combined financial statements of the parent and its subsidiaries line by line, adding items representing assets, liabilities, equity, revenues and expenditures of similar content. In order that the consolidated financial statements present financial information group, as if it were a single economic entity will be as follows:

(a) The amount of investment by the parent in each of the subsidiaries will be eliminated along with the portion of equity in each of the subsidiaries (see IFRS 3, which describes the treatment of goodwill arising

(b) identify any minority interests in the outcome of the exercise of consolidated subsidiaries, which relate to the exercise of reporting and

(c) identify any minority interests in net assets of consolidated subsidiaries, as separate from the equity that corresponds to the dominant. Minority interests in net assets shall consist of:

(i) the amount that reaches the minority interests at the date of the original combination calculated in accordance with IFRS 3 and

(ii) the participation of minority shareholders in changes in equity since the date of the combination.

23. When potential voting rights exist, the proportions of the outcome of the exercise and changes in equity allocated to the parent and minority interests are determined from the ownership shares that exist at that time, not reflect the possible exercise or conversion of potential voting rights.

**24. are deleted in their entirety balances, transactions, income and expenses intragroup.**

25. The balances and intragroup transactions, including income, expenses and dividends, are eliminated in full. Gains and losses arising from intragroup transactions that have been recognized as an asset, such as stocks or fixed assets, are eliminated in full. However, losses in intra-group transactions may indicate the existence of deterioration in value, which requires recognition in the consolidated financial statements. IAS 12 Income Taxes applies to temporary differences arising as a result of the elimination of gains and losses arising from intra-group transactions.

**26. The financial statements of the parent and its subsidiaries used in the preparation of consolidated financial statements should refer to the same date. When the year-end reporting of the dominant and one of the dependents are different, the latter shall, for consolidation purposes, additional financial statements on the same date as those of the parent, unless it is impracticable do so.**

**27. Where, in accordance with the provisions of paragraph 26, the financial statements of a subsidiary to be used in preparing the consolidated financial statements are prepared on a different date than that used by the parent, adjustments shall be made to reflect effects of transactions and significant events**

**that occurred between these two dates. In any case, the difference between year-end reporting of the subsidiary and the parent will be greater than three months. The duration of the exercises on that report, and any difference in the end of the year, will be the same from year to year.**

**28. The consolidated financial statements were produced using uniform accounting policies for transactions and other events, being similar, have occurred in similar circumstances.**

29. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and other events that have occurred in similar circumstances, appropriate adjustments shall be made in its financial statements to prepare the statements.

30. Income and expenditure of the subsidiary are included in the consolidated financial statements since the acquisition date as defined in IFRS 3. Revenues and expenses of the subsidiary are included in the consolidated financial statements until the date on which the parent ceases to control the subsidiary. The difference between the amounts received upon disposition or arrange other means of investment in the subsidiary and the amount of the same on the date of the sale will be recognized in the consolidated income statement as gains or losses on disposal of dependent. calculate the amount of the subsidiary will include the aggregate amount of any exchange difference related to the dependent and result in another global recognition according to IAS 21 The Effects of changes in exchange rates of foreign currencies, is reclassified the consolidated result as an adjustment to reclassify the gain or loss on the disposal of the subsidiary.

31. Investment in an entity shall be accounted according to IAS 39 Financial Instruments: Recognition and Measurement from the date it ceases to be a dependent, if not become associated, as defined in IAS 28, or jointly controlled entity as defined in IAS 31.

**32. The amount of investment, the date the entity ceases to be a dependent, will be considered as the cost, for the initial assessment of the financial asset in accordance with IAS 39.**

**33. Minority interests are presented in equity within the consolidated balance sheet, but separate, lines of equity for the parent. Also disclose separately any minority interests in the outcome of the exercise group.**

34. The result for the year will be allocated to the shareholders of the parent and minority interests. Since both are part of the equity, the amount attributable to minority interests is not an expense or income.

35. The losses applicable to minority interests in consolidated subsidiaries could exceed the amount of minority interests in equity of the same. This excess, and any subsequent loss that corresponds to the minority, will be allocated as a reduction of items for most, unless such a minority have a binding obligation to cover part or all of these losses, and if they have ability to perform the additional investment required. If subsequently, the subsidiary obtained profits, they are assigned to the most up to recover the amount of minority participation in the losses that were previously absorbed by the majority.

36. If the subsidiary has outstanding cumulative preferred shares with rights which it has classified as equity holders, whose interests are the minority, the dominant completed their participation in the profits or losses after adjusting for dividends such actions, regardless of whether or not they agreed.

#### **Accounting for investments in the separate financial statements**

- 37. Where are prepared separate financial statements, investments in subsidiaries, jointly-controlled entities and associates that are not classified as held for sale (or included in a group of alienable items classified as held for sale) in accordance with IFRS 5, will be counted using one of the following two alternatives**

**(a) the cost or**

**(b) in accordance with IAS 39.**

**Apply the same treatment to each category of investments. Investments in subsidiaries, jointly-controlled entities and associates that are classified as held for sale (or included in a group of items classified as alienable held for sale) in accordance with IFRS 5 shall be in accordance with that IFRS.**

38. This Standard establishes which entities should prepare separate financial statements available for public use. Paragraphs 37 and 39 to 42 apply if the entity prepared separate financial statements that comply with International Financial Reporting Standards. The entity will also prepare financial statements consolidated financial available for public use as required in paragraph 9, unless the waiver application described in paragraph 10.

- 39. Investments in jointly-controlled entities and associates that in the consolidated financial statements are accounted for under IAS 39 are accounted for in the same way in the separate financial statements of the investor.**

#### **Information Disclosure**

40. The consolidated financial statements disclosed the following information:

(a) [Deleted]

(b) [Deleted]

(c) the nature of the relationship between the parent and the subsidiary, in the event that no one owns, directly or indirectly through other subsidiaries, more than half the voting power;

(d) the reasons why the possession, directly or indirectly through other subsidiaries, more than half the voting power or potential of an investee does not control it;

(e) the end of the year under report in the financial statements of the subsidiary, if they have been used to compile the consolidated financial statements and are made for a date or a year that are different from those used by the dominant and

the reasons for using this date or a different exercise;

(f) the nature and extent of any restriction (e.g., those that could be derived from loan agreements or regulatory requirements of) on the ability of subsidiaries to transfer funds to the parent, either as dividends in cash or repayments of loans or advances.

41. When preparing financial statements of a dominant, you have chosen not to produce consolidated financial statements because it is exempted under paragraph 10, those statements must disclose separately the following information:

(a) the fact that the financial statements are separate financial statements, which has used the exemption that allows non-consolidation, the name and country in which it is incorporated or is resident entity that prepares and publishes consolidated financial statements that comply with the International Financial Reporting Standards, and the address where you can get these consolidated financial statements;

(b) a list of investments which are significant in subsidiaries, jointly controlled entities and associated companies, which include the name, country of incorporation or residence, proportion of ownership and, if different, the proportion that has the power to vote and

(c) a description of the method used to account for the investments listed in paragraph (b).

42. When a dominant (other than as outlined in paragraph 41), a partner in a jointly controlled entity of an investor or an associate prepare separate financial statements, they reveal the following information:

(a) the fact that these are separate financial statements, and the reasons for which have been prepared, if that were not required by law;

(b) a list of investments which are significant in subsidiaries, jointly controlled entities and associated companies, which include the name, country of incorporation or residence, proportion of ownership and, if different, the proportion that has the power to vote and

(c) a description of the method used to account for the investments listed in paragraph (b).

In addition, identify the financial statements prepared in accordance with the provisions of paragraph 9 of this Standard, and with IAS 28 and IAS 31, which also apply to them.

#### **Effective Date**

43. An entity shall apply this Standard in the years beginning on or after January 1, 2005. It is advisable to apply early. If an entity applies this Standard for a financial year beginning before January 1, 2005, disclose that fact.

**43A. IAS 1 Presentation of Financial Statements (revised 2007) amended the terminology used in other IFRSs. Furthermore amended paragraph 30. An entity shall apply those amendments for annual periods beginning on or after January 1, 2009. If an entity applies IAS 1 (revised 2007) to prior periods, the changes also apply to these exercises.**

**Repeal of other pronouncements**

44. This Standard repeals IAS 27 Consolidated financial statements and accounting for investments in subsidiaries (revised 2000).
45. This Standard repeals SIC-33 Consolidation and method of participation, voting rights and potential distribution of ownership shares.