IAS 27 ***Consolidated and Separate Financial Statements*** (January 2010)

Combined financial statements and redefining the reporting entity

The IFRIC received a request for guidance on whether a reporting entity may, in accordance with IFRSs, present financial statements that include a selection of entities that are under common control, rather than being restricted to a parent/subsidiary relationship as defined by IAS 27.

The IFRIC noted that the ability to include entities within a set of IFRS financial statements depends on the interpretation of 'reporting entity' in the context of common control. The IFRIC noted that in December 2007 the Board added a project to its research agenda to examine the definition of common control and the methods of accounting for business combinations under common control in the acquirer's consolidated and separate financial statements. The IFRIC also noted that describing the reporting entity is the objective of Phase D of the Board's *Conceptual Framework* project.

The IFRIC also received a request for guidance on whether a reporting entity may, in accordance with IFRSs, be redefined to exclude from comparative periods entities/businesses that have been carved-out of a group. The IFRIC noted that the Board's common control project referred to above will also consider the accounting for demergers, such as the spin-off of a subsidiary or business. Therefore, the IFRIC decided not to add these issues to its agenda.