

Exposure Draft *Subsidiaries without Public Accountability: Disclosures*

Proposed disclosures for IFRS 12 *Disclosure of Interests in Other Entities*

The International Accounting Standards Board (IASB) has proposed a new IFRS Standard *Subsidiaries without Public Accountability: Disclosures* (draft IFRS Standard) that would permit subsidiaries without public accountability to apply the recognition, measurement and presentation requirements in IFRS Standards with reduced disclosure requirements.

The draft IFRS Standard would be available to subsidiaries without public accountability whose parent companies prepare consolidated financial statements applying IFRS Standards.

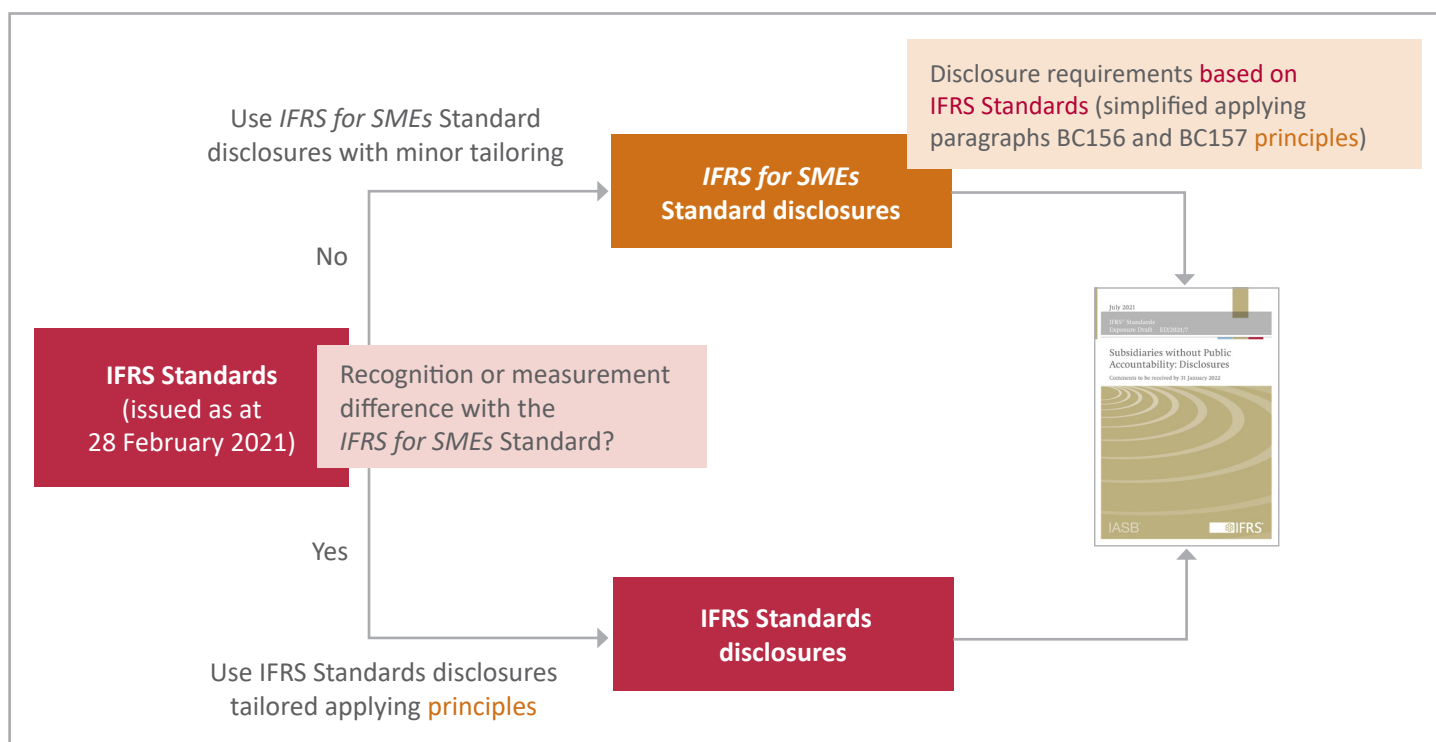
At a glance

- ✓ Based on the staff analysis, the Exposure draft proposes a 70% reduction in the disclosure requirements of IFRS 12.

This fact sheet illustrates the IASB’s approach to developing the proposed disclosure requirements that would replace the disclosure requirements in IFRS 12 *Disclosure of Interests in Other Entities*. The proposed disclosure requirements are based on IFRS 12 and the relevant sections from the *IFRS for SMEs* Standard (Sections 9, 14 and 15).

How the IASB developed the proposed disclosure requirements

Diagram 1—Developing Disclosure Requirements



Why the IASB started with the *IFRS for SMEs* Standard disclosure requirements

The IASB started with the disclosure requirements in the *IFRS for SMEs* Standard because:

- the *IFRS for SMEs* Standard disclosure requirements:
 - are tailored from IFRS Standards;
 - are intended to meet the information needs of users’ of financial statements of companies without public accountability; and
 - include the IASB’s cost-benefit consideration for companies applying the *IFRS for SMEs* Standard.
- subsidiaries without public accountability are eligible to apply the *IFRS for SMEs* Standard therefore the IASB could be satisfied that the *IFRS for SMEs* Standard disclosure requirements were suitable for these subsidiaries.

How the IASB used the *IFRS for SMEs* Standard disclosure requirements

If recognition and measurement requirements were the same in IFRS Standards and the *IFRS for SMEs* Standard—the IASB used the *IFRS for SMEs* Standard disclosures with minor tailoring to align terms, language and paragraph cross references with IFRS Standards.

If recognition and measurement requirements in IFRS Standards differed from those in the *IFRS for SMEs* Standard—the IASB tailored the IFRS Standards disclosure requirements by applying the principles used in developing the disclosure requirements in the *IFRS for SMEs* Standard (these principles are set out in paragraph BC157 of the Basis for Conclusions on the *IFRS for SMEs* Standard).

How the IASB used the IFRS 12 disclosure requirements to develop the disclosure requirements proposed in the draft IFRS Standard

	IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
1	The objective of this IFRS is to require an entity to disclose information that enables users of its financial statements to evaluate: <ul style="list-style-type: none"> (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows. 	Not proposed	
2	To meet the objective in paragraph 1, an entity shall disclose: <ul style="list-style-type: none"> (a) the significant judgements and assumptions it has made in determining: <ul style="list-style-type: none"> (i) the nature of its interest in another entity or arrangement; (ii) the type of joint arrangement in which it has an interest (paragraphs 7–9); (iii) that it meets the definition of an investment entity, if applicable (paragraph 9A); and (b) information about its interests in: <ul style="list-style-type: none"> (i) subsidiaries (paragraphs 10–19); (ii) joint arrangements and associates (paragraphs 20–23); and (iii) structured entities that are not controlled by the entity (unconsolidated structured entities) (paragraphs 24–31). 	Not proposed	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
3 If the disclosures required by this IFRS, together with disclosures required by other IFRSs, do not meet the objective in paragraph 1, an entity shall disclose whatever additional information is necessary to meet that objective.	Not proposed	
4 An entity shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the requirements in this IFRS. It shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have different characteristics (see paragraphs B2–B6).	Not proposed	This requirement highlights the concept of materiality and aggregation in providing disclosures. ¹
7 An entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining: <ul style="list-style-type: none"> (a) that it has control of another entity, ie an investee as described in paragraphs 5 and 6 of IFRS 10 <i>Consolidated Financial Statements</i>; (b) that it has joint control of an arrangement or significant influence over another entity; and (c) the type of joint arrangement (ie joint operation or joint venture) when the arrangement has been structured through a separate vehicle. 	Paragraph 124(c)–(e)	
8 The significant judgements and assumptions disclosed in accordance with paragraph 7 include those made by the entity when changes in facts and circumstances are such that the conclusion about whether it has control, joint control or significant influence changes during the reporting period.	Not proposed	
9 To comply with paragraph 7, an entity shall disclose, for example, significant judgements and assumptions made in determining that: <ul style="list-style-type: none"> (a) it does not control another entity even though it holds more than half of the voting rights of the other entity. 	Not proposed	
<ul style="list-style-type: none"> (b) it controls another entity even though it holds less than half of the voting rights of the other entity. 	Paragraph 69(b)	The disclosure in the draft IFRS Standard is based on paragraph 9.23(b) of the <i>IFRS for SMEs Standard</i>
<ul style="list-style-type: none"> (c) it is an agent or a principal (see paragraphs B58–B72 of IFRS 10). 	Not proposed	
<ul style="list-style-type: none"> (d) it does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity. 	Not proposed	
<ul style="list-style-type: none"> (e) it has significant influence even though it holds less than 20 per cent of the voting rights of another entity. 	Not proposed	

¹ See IAS 1 *Presentation of Financial Statements* (see paragraphs 29–31). These paragraphs remain applicable if an eligible subsidiary applies the draft IFRS Standard.

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>9A When a parent determines that it is an investment entity in accordance with paragraph 27 of IFRS 10, the investment entity shall disclose information about significant judgements and assumptions it has made in determining that it is an investment entity. If the investment entity does not have one or more of the typical characteristics of an investment entity (see paragraph 28 of IFRS 10), it shall disclose its reasons for concluding that it is nevertheless an investment entity.</p>	<p>Paragraphs 71 and 124</p>	
<p>9B When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented, including:</p> <ul style="list-style-type: none"> (a) the total fair value, as of the date of change of status, of the subsidiaries that cease to be consolidated; (b) the total gain or loss, if any, calculated in accordance with paragraph B101 of IFRS 10; and (c) the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately). 	<p>Paragraph 72</p>	
<p>10 An entity shall disclose information that enables users of its consolidated financial statements</p> <ul style="list-style-type: none"> (a) to understand: <ul style="list-style-type: none"> (i) the composition of the group; and (ii) the interest that non-controlling interests have in the group's activities and cash flows (paragraph 12); and 	<p>Not proposed</p>	
<ul style="list-style-type: none"> (b) to evaluate: <ul style="list-style-type: none"> (i) the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the group (paragraph 13); 	<p>Not proposed</p>	
<ul style="list-style-type: none"> (ii) the nature of, and changes in, the risks associated with its interests in consolidated structured entities (paragraphs 14–17); (iii) the consequences of changes in its ownership interest in a subsidiary that do not result in a loss of control (paragraph 18); and (iv) the consequences of losing control of a subsidiary during the reporting period (paragraph 19). 	<p>Not proposed</p>	
<p>11 When the financial statements of a subsidiary used in the preparation of consolidated financial statements are as of a date or for a period that is different from that of the consolidated financial statements (see paragraphs B92 and B93 of IFRS 10), an entity shall disclose:</p> <ul style="list-style-type: none"> (a) the date of the end of the reporting period of the financial statements of that subsidiary; and 	<p>Paragraph 69(c)</p>	<p>The disclosure in the draft IFRS Standard is based on paragraph 9.23(c) of the IFRS for SMEs Standard</p>
<ul style="list-style-type: none"> (b) the reason for using a different date or period. 	<p>Not proposed</p>	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>12 An entity shall disclose for each of its subsidiaries that have non-controlling interests that are material to the reporting entity:</p> <ul style="list-style-type: none"> (a) the name of the subsidiary. (b) the principal place of business (and country of incorporation if different from the principal place of business) of the subsidiary. (c) the proportion of ownership interests held by non-controlling interests. (d) the proportion of voting rights held by non-controlling interests, if different from the proportion of ownership interests held. (e) the profit or loss allocated to non-controlling interests of the subsidiary during the reporting period. (f) accumulated non-controlling interests of the subsidiary at the end of the reporting period. (g) summarised financial information about the subsidiary (see paragraph B10). 	Not proposed	
<p>13 An entity shall disclose:</p> <ul style="list-style-type: none"> (a) significant restrictions (eg statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the group, such as: <ul style="list-style-type: none"> (i) those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the group. (ii) guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group. 	Paragraph 69(d)	The disclosure in the draft IFRS Standard is based on paragraph 9.23(d) of the <i>IFRS for SMEs Standard</i>
<ul style="list-style-type: none"> (b) the nature and extent to which protective rights of non-controlling interests can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the group (such as when a parent is obliged to settle liabilities of a subsidiary before settling its own liabilities, or approval of non-controlling interests is required either to access the assets or to settle the liabilities of a subsidiary). 	Not proposed	
<ul style="list-style-type: none"> (c) the carrying amounts in the consolidated financial statements of the assets and liabilities to which those restrictions apply. 	Not proposed	
<p>14 An entity shall disclose the terms of any contractual arrangements that could require the parent or its subsidiaries to provide financial support to a consolidated structured entity, including events or circumstances that could expose the reporting entity to a loss (eg liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or provide financial support).</p>	Not proposed	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>15 If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a consolidated structured entity (eg purchasing assets of or instruments issued by the structured entity), the entity shall disclose:</p> <p>(a) the type and amount of support provided, including situations in which the parent or its subsidiaries assisted the structured entity in obtaining financial support; and</p> <p>(b) the reasons for providing the support.</p>	Not proposed	
<p>16 If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a previously unconsolidated structured entity and that provision of support resulted in the entity controlling the structured entity, the entity shall disclose an explanation of the relevant factors in reaching that decision.</p>	Not proposed	
<p>17 An entity shall disclose any current intentions to provide financial or other support to a consolidated structured entity, including intentions to assist the structured entity in obtaining financial support.</p>	Not proposed	
<p>18 An entity shall present a schedule that shows the effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control.</p>	Not proposed	
<p>19 An entity shall disclose the gain or loss, if any, calculated in accordance with paragraph 25 of IFRS 10, and:</p> <p>(a) the portion of that gain or loss attributable to measuring any investment retained in the former subsidiary at its fair value at the date when control is lost; and</p> <p>(b) the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately).</p>	Paragraph 70	
<p>19A An investment entity that, in accordance with IFRS 10, is required to apply the exception to consolidation and instead account for its investment in a subsidiary at fair value through profit or loss shall disclose that fact.</p>	Paragraph 73	
<p>19B For each unconsolidated subsidiary, an investment entity shall disclose:</p> <p>(a) the subsidiary's name;</p> <p>(b) the principal place of business (and country of incorporation if different from the principal place of business) of the subsidiary; and</p> <p>(c) the proportion of ownership interest held by the investment entity and, if different, the proportion of voting rights held.</p>	Not proposed	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>19C If an investment entity is the parent of another investment entity, the parent shall also provide the disclosures in 19B(a)–(c) for investments that are controlled by its investment entity subsidiary. The disclosure may be provided by including, in the financial statements of the parent, the financial statements of the subsidiary (or subsidiaries) that contain the above information.</p>	<p>Not proposed</p>	
<p>19D An investment entity shall disclose:</p> <p>(a) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the investment entity; and</p>	<p>Paragraph 74</p>	
<p>(b) any current commitments or intentions to provide financial or other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support.</p>	<p>Not proposed</p>	<p>For further discussion, see paragraphs BC42–BC45 of the Basis for Conclusions of the Exposure Draft</p>
<p>19E If, during the reporting period, an investment entity or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated subsidiary (eg purchasing assets of, or instruments issued by, the subsidiary or assisting the subsidiary in obtaining financial support), the entity shall disclose:</p> <p>(a) the type and amount of support provided to each unconsolidated subsidiary; and</p> <p>(b) the reasons for providing the support.</p>	<p>Not proposed</p>	<p>For further discussion, see paragraphs BC42–BC45 of the Basis for Conclusions of the Exposure Draft</p>
<p>19F An investment entity shall disclose the terms of any contractual arrangements that could require the entity or its unconsolidated subsidiaries to provide financial support to an unconsolidated, controlled, structured entity, including events or circumstances that could expose the reporting entity to a loss (eg liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or to provide financial support).</p>	<p>Not proposed</p>	<p>For further discussion, see paragraphs BC42–BC45 of the Basis for Conclusions of the Exposure Draft</p>

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>19G If during the reporting period an investment entity or any of its unconsolidated subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated, structured entity that the investment entity did not control, and if that provision of support resulted in the investment entity controlling the structured entity, the investment entity shall disclose an explanation of the relevant factors in reaching the decision to provide that support.</p>	Not proposed	For further discussion, see paragraphs BC42–BC45 of the Basis for Conclusions of the Exposure Draft
<p>20 An entity shall disclose information that enables users of its financial statements to evaluate:</p> <p>(a) the nature, extent and financial effects of its interests in joint arrangements and associates, including the nature and effects of its contractual relationship with the other investors with joint control of, or significant influence over, joint arrangements and associates (paragraphs 21 and 22); and</p> <p>(b) the nature of, and changes in, the risks associated with its interests in joint ventures and associates (paragraph 23).</p>	Not proposed	
<p>21 An entity shall disclose:</p> <p>(a) for each joint arrangement and associate that is material to the reporting entity:</p> <p>(i) the name of the joint arrangement or associate.</p> <p>(ii) the nature of the entity’s relationship with the joint arrangement or associate (by, for example, describing the nature of the activities of the joint arrangement or associate and whether they are strategic to the entity’s activities).</p> <p>(iii) the principal place of business (and country of incorporation, if applicable and different from the principal place of business) of the joint arrangement or associate.</p> <p>(iv) the proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held (if applicable).</p>	Not proposed	
<p>(b) for each joint venture and associate that is material to the reporting entity:</p> <p>(i) whether the investment in the joint venture or associate is measured using the equity method or at fair value.</p>	Paragraph 76(a)	
<p>(ii) summarised financial information about the joint venture or associate as specified in paragraphs B12 and B13.</p>	Not proposed	
<p>(iii) if the joint venture or associate is accounted for using the equity method, the fair value of its investment in the joint venture or associate, if there is a quoted market price for the investment.</p>	Paragraph 76(c)	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
(c) financial information as specified in paragraph B16 about the entity's investments in joint ventures and associates that are not individually material: <ul style="list-style-type: none"> (i) in aggregate for all individually immaterial joint ventures and, separately, (ii) in aggregate for all individually immaterial associates. 	Not proposed	
21A An investment entity need not provide the disclosures required by paragraphs 21(b)–21(c).	Paragraph 75	
22 An entity shall also disclose: <ul style="list-style-type: none"> (a) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control of or significant influence over a joint venture or an associate) on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity. (b) when the financial statements of a joint venture or associate used in applying the equity method are as of a date or for a period that is different from that of the entity: <ul style="list-style-type: none"> (i) the date of the end of the reporting period of the financial statements of that joint venture or associate; and (ii) the reason for using a different date or period. (c) the unrecognised share of losses of a joint venture or associate, both for the reporting period and cumulatively, if the entity has stopped recognising its share of losses of the joint venture or associate when applying the equity method. 	Not proposed	
23 An entity shall disclose: <ul style="list-style-type: none"> (a) commitments that it has relating to its joint ventures separately from the amount of other commitments as specified in paragraphs B18–B20. (b) in accordance with IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, unless the probability of loss is remote, contingent liabilities incurred relating to its interests in joint ventures or associates (including its share of contingent liabilities incurred jointly with other investors with joint control of, or significant influence over, the joint ventures or associates), separately from the amount of other contingent liabilities. 	Not proposed	
24 An entity shall disclose information that enables users of its financial statements: <ul style="list-style-type: none"> (a) to understand the nature and extent of its interests in unconsolidated structured entities (paragraphs 26–28); and (b) to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities (paragraphs 29–31). 	Not proposed	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
25 The information required by paragraph 24(b) includes information about an entity's exposure to risk from involvement that it had with unconsolidated structured entities in previous periods (eg sponsoring the structured entity), even if the entity no longer has any contractual involvement with the structured entity at the reporting date.	Not proposed	
25A An investment entity need not provide the disclosures required by paragraph 24 for an unconsolidated structured entity that it controls and for which it presents the disclosures required by paragraphs 19A–19G.	Not proposed	
26 An entity shall disclose qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the nature, purpose, size and activities of the structured entity and how the structured entity is financed.	Not proposed	
27 If an entity has sponsored an unconsolidated structured entity for which it does not provide information required by paragraph 29 (eg because it does not have an interest in the entity at the reporting date), the entity shall disclose: <ul style="list-style-type: none"> (a) how it has determined which structured entities it has sponsored; (b) income from those structured entities during the reporting period, including a description of the types of income presented; and (c) the carrying amount (at the time of transfer) of all assets transferred to those structured entities during the reporting period. 	Not proposed	
28 An entity shall present the information in paragraph 27(b) and (c) in tabular format, unless another format is more appropriate, and classify its sponsoring activities into relevant categories (see paragraphs B2–B6).	Not proposed	
29 An entity shall disclose in tabular format, unless another format is more appropriate, a summary of: <ul style="list-style-type: none"> (a) the carrying amounts of the assets and liabilities recognised in its financial statements relating to its interests in unconsolidated structured entities. (b) the line items in the statement of financial position in which those assets and liabilities are recognised. (c) the amount that best represents the entity's maximum exposure to loss from its interests in unconsolidated structured entities, including how the maximum exposure to loss is determined. If an entity cannot quantify its maximum exposure to loss from its interests in unconsolidated structured entities it shall disclose that fact and the reasons. (d) a comparison of the carrying amounts of the assets and liabilities of the entity that relate to its interests in unconsolidated structured entities and the entity's maximum exposure to loss from those entities. 	Not proposed	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>30 If during the reporting period an entity has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated structured entity in which it previously had or currently has an interest (for example, purchasing assets of or instruments issued by the structured entity), the entity shall disclose:</p> <p>(a) the type and amount of support provided, including situations in which the entity assisted the structured entity in obtaining financial support; and</p> <p>(b) the reasons for providing the support.</p>	Not proposed	
<p>31 An entity shall disclose any current intentions to provide financial or other support to an unconsolidated structured entity, including intentions to assist the structured entity in obtaining financial support.</p>	Not proposed	
Appendix B—Application Guidance		
<p>B2 An entity shall decide, in the light of its circumstances, how much detail it provides to satisfy the information needs of users, how much emphasis it places on different aspects of the requirements and how it aggregates the information. It is necessary to strike a balance between burdening financial statements with excessive detail that may not assist users of financial statements and obscuring information as a result of too much aggregation.</p>	Not proposed	This requirement highlights the concept of materiality and aggregation in providing disclosures. ²
<p>B3 An entity may aggregate the disclosures required by this IFRS for interests in similar entities if aggregation is consistent with the disclosure objective and the requirement in paragraph B4, and does not obscure the information provided. An entity shall disclose how it has aggregated its interests in similar entities.</p>	Not proposed	
<p>B4 An entity shall present information separately for interests in:</p> <p>(a) subsidiaries;</p> <p>(b) joint ventures;</p> <p>(c) joint operations;</p> <p>(d) associates; and</p> <p>(e) unconsolidated structured entities.</p>	Paragraph 68(a)	
	Paragraph 68(b)	
	Not proposed	
	Paragraph 68(c)	
	Not proposed	
<p>B5 In determining whether to aggregate information, an entity shall consider quantitative and qualitative information about the different risk and return characteristics of each entity it is considering for aggregation and the significance of each such entity to the reporting entity. The entity shall present the disclosures in a manner that clearly explains to users of financial statements the nature and extent of its interests in those other entities.</p>	Not proposed	

² See IAS 1 *Presentation of Financial Statements* (see paragraphs 29–31). These paragraphs remain applicable if an eligible subsidiary applies the draft IFRS Standard.

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>B6 Examples of aggregation levels within the classes of entities set out in paragraph B4 that might be appropriate are:</p> <ul style="list-style-type: none"> (a) nature of activities (eg a research and development entity, a revolving credit card securitisation entity). (b) industry classification. (c) geography (eg country or region). 	Not proposed	
<p>B10 For each subsidiary that has non-controlling interests that are material to the reporting entity, an entity shall disclose:</p> <ul style="list-style-type: none"> (a) dividends paid to non-controlling interests. (b) summarised financial information about the assets, liabilities, profit or loss and cash flows of the subsidiary that enables users to understand the interest that non-controlling interests have in the group's activities and cash flows. That information might include but is not limited to, for example, current assets, non-current assets, current liabilities, non-current liabilities, revenue, profit or loss and total comprehensive income. 	Not proposed	
<p>B11 The summarised financial information required by paragraph B10(b) shall be the amounts before inter-company eliminations.</p>	Not proposed	
<p>B12 For each joint venture and associate that is material to the reporting entity, an entity shall disclose:</p> <ul style="list-style-type: none"> (a) dividends received from the joint venture or associate. (b) summarised financial information for the joint venture or associate (see paragraphs B14 and B15) including, but not necessarily limited to: <ul style="list-style-type: none"> (i) current assets. (ii) non-current assets. (iii) current liabilities. (iv) non-current liabilities. (v) revenue. (vi) profit or loss from continuing operations. (vii) post-tax profit or loss from discontinued operations. (viii) other comprehensive income. (ix) total comprehensive income. 	Not proposed	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>B13 In addition to the summarised financial information required by paragraph B12, an entity shall disclose for each joint venture that is material to the reporting entity the amount of:</p> <ul style="list-style-type: none"> (a) cash and cash equivalents included in paragraph B12(b)(i). (b) current financial liabilities (excluding trade and other payables and provisions) included in paragraph B12(b)(iii). (c) non-current financial liabilities (excluding trade and other payables and provisions) included in paragraph B12(b)(iv). (d) depreciation and amortisation. (e) interest income. (f) interest expense. (g) income tax expense or income. 	<p>Not proposed</p>	
<p>B14 The summarised financial information presented in accordance with paragraphs B12 and B13 shall be the amounts included in the IFRS financial statements of the joint venture or associate (and not the entity's share of those amounts). If the entity accounts for its interest in the joint venture or associate using the equity method:</p> <ul style="list-style-type: none"> (a) the amounts included in the IFRS financial statements of the joint venture or associate shall be adjusted to reflect adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies. (b) the entity shall provide a reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture or associate. 	<p>Not proposed</p>	
<p>B15 An entity may present the summarised financial information required by paragraphs B12 and B13 on the basis of the joint venture's or associate's financial statements if:</p> <ul style="list-style-type: none"> (a) the entity measures its interest in the joint venture or associate at fair value in accordance with IAS 28 (as amended in 2011); and (b) the joint venture or associate does not prepare IFRS financial statements and preparation on that basis would be impracticable or cause undue cost. <p>In that case, the entity shall disclose the basis on which the summarised financial information has been prepared.</p>	<p>Not proposed</p>	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
<p>B16 An entity shall disclose, in aggregate, the carrying amount of its interests in all individually immaterial joint ventures or associates that are accounted for using the equity method. An entity shall also disclose separately the aggregate amount of its share of those joint ventures' or associates':</p> <p>(a) profit or loss from continuing operations.</p> <p>(b) post-tax profit or loss from discontinued operations.</p> <p>(c) other comprehensive income.</p> <p>(d) total comprehensive income.</p> <p>An entity provides the disclosures separately for joint ventures and associates.</p>	<p>Paragraph 76(b)</p> <p>Paragraph 77</p> <p>Paragraph 77</p> <p>Not proposed</p> <p>Not proposed</p>	<p>The disclosure in the draft IFRS Standard is based on paragraphs 14.14 and 15.20 of the <i>IFRS for SMEs Standard</i></p>
<p>B17 When an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5, the entity is not required to disclose summarised financial information for that subsidiary, joint venture or associate in accordance with paragraphs B10–B16.</p>	<p>Not proposed</p>	
<p>B18 An entity shall disclose total commitments it has made but not recognised at the reporting date (including its share of commitments made jointly with other investors with joint control of a joint venture) relating to its interests in joint ventures. Commitments are those that may give rise to a future outflow of cash or other resources.</p>	<p>Paragraph 78</p>	<p>The disclosure in the draft IFRS Standard is based on paragraph 15.19(d) of the <i>IFRS for SMEs Standard</i></p>
<p>B19 Unrecognised commitments that may give rise to a future outflow of cash or other resources include:</p> <p>(a) unrecognised commitments to contribute funding or resources as a result of, for example:</p> <p>(i) the constitution or acquisition agreements of a joint venture (that, for example, require an entity to contribute funds over a specific period).</p> <p>(ii) capital-intensive projects undertaken by a joint venture.</p> <p>(iii) unconditional purchase obligations, comprising procurement of equipment, inventory or services that an entity is committed to purchasing from, or on behalf of, a joint venture.</p> <p>(iv) unrecognised commitments to provide loans or other financial support to a joint venture.</p> <p>(v) unrecognised commitments to contribute resources to a joint venture, such as assets or services.</p> <p>(vi) other non-cancellable unrecognised commitments relating to a joint venture.</p> <p>(b) unrecognised commitments to acquire another party's ownership interest (or a portion of that ownership interest) in a joint venture if a particular event occurs or does not occur in the future.</p>	<p>Not proposed</p>	

IFRS 12 disclosure requirements	Paragraph(s) in the draft IFRS Standard	Remarks
B20 The requirements and examples in paragraphs B18 and B19 illustrate some of the types of disclosure required by paragraph 18 of IAS 24 <i>Related Party Disclosures</i> .	Not proposed	
B25 In addition to the information required by paragraphs 29–31, an entity shall disclose additional information that is necessary to meet the disclosure objective in paragraph 24(b).	Not proposed	
<p>B26 Examples of additional information that, depending on the circumstances, might be relevant to an assessment of the risks to which an entity is exposed when it has an interest in an unconsolidated structured entity are:</p> <ul style="list-style-type: none"> (a) the terms of an arrangement that could require the entity to provide financial support to an unconsolidated structured entity (eg liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or provide financial support), including: <ul style="list-style-type: none"> (i) a description of events or circumstances that could expose the reporting entity to a loss. (ii) whether there are any terms that would limit the obligation. (iii) whether there are any other parties that provide financial support and, if so, how the reporting entity’s obligation ranks with those of other parties. (b) losses incurred by the entity during the reporting period relating to its interests in unconsolidated structured entities. (c) the types of income the entity received during the reporting period from its interests in unconsolidated structured entities. (d) whether the entity is required to absorb losses of an unconsolidated structured entity before other parties, the maximum limit of such losses for the entity, and (if relevant) the ranking and amounts of potential losses borne by parties whose interests rank lower than the entity’s interest in the unconsolidated structured entity. (e) information about any liquidity arrangements, guarantees or other commitments with third parties that may affect the fair value or risk of the entity’s interests in unconsolidated structured entities. (f) any difficulties an unconsolidated structured entity has experienced in financing its activities during the reporting period. (g) in relation to the funding of an unconsolidated structured entity, the forms of funding (eg commercial paper or medium-term notes) and their weighted-average life. That information might include maturity analyses of the assets and funding of an unconsolidated structured entity if the structured entity has longer-term assets funded by shorter-term funding. 	Not proposed	

Note:

1. Paragraph 69(a) of the draft IFRS Standard is derived from paragraph 9.23(a) of the *IFRS for SMEs* Standard. A similar disclosure is required by paragraph 51(b) of IAS 1 *Presentation of Financial Statements*.
2. Further discussion about how the disclosure requirements for investment entities were considered are in paragraphs BC42–BC45 Basis for Conclusions of the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*.

How the IASB adapted the disclosure requirements in the *IFRS for SMEs* Standard in the draft IFRS Standard

<i>IFRS for SMEs</i> Standard: Section 9 <i>Consolidated and Separate Financial Statements</i> * disclosure requirements	Paragraph(s) in the draft IFRS Standard
9.23 The following disclosures shall be made in consolidated financial statements:	
(a) the fact that the statements are consolidated financial statements;	Paragraph 69(a)
(b) the basis for concluding that control exists when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power;	Paragraph 69(b)
(c) any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements; and	Paragraph 69(c)
(d) the nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.	Paragraph 69(d)
9.23A In addition to the disclosure requirements in Section 11, a parent entity shall disclose the carrying amount of investments in subsidiaries that are not consolidated (see paragraphs 9.3A–9.3C) at the reporting date, in total, either in the statement of financial position or in the notes.	Not proposed
* Section 9 <i>Consolidated and Separate Financial Statements</i> of the <i>IFRS for SMEs</i> Standard includes disclosures that SMEs are required to provide in their consolidated financial statements (paragraphs 9.23–9.23A), separate financial statements (paragraph 9.27) and combined financial statements (paragraph 9.30). This fact sheet includes only the disclosure requirements on consolidated financial statements.	

<i>IFRS for SMEs</i> Standard: Section 14 <i>Investments in Associates</i> disclosure requirements	Paragraph(s) in the draft IFRS Standard
14.12 An entity shall disclose the following:	
(a) its accounting policy for investments in associates;	Paragraph 76(a)
(b) the carrying amount of investments in associates (see paragraph 4.2(j)); and	Paragraph 76(b)
(c) the fair value of investments in associates accounted for using the equity method for which there are published price quotations.	Paragraph 76(c)
14.13 For investments in associates accounted for by the cost model, an investor shall disclose the amount of dividends and other distributions recognised as income.	Not proposed
14.14 For investments in associates accounted for by the equity method, an investor shall disclose separately its share of the profit or loss of such associates and its share of any discontinued operations of such associates.	Paragraph 77
14.15 For investments in associates accounted for by the fair value model, an investor shall make the disclosures required by paragraphs 11.41–11.44. If an investor applies the undue cost or effort exemption in paragraph 14.10 for any associates it shall disclose that fact, the reasons why fair value measurement would involve undue cost or effort and the carrying amount of investments in associates accounted for under the cost model.	Not proposed
Paragraph 14.15 of the <i>IFRS for SMEs</i> Standard and its reference to paragraphs 11.41–11.44 require, among others, the basis for determining fair value to be disclosed. A similar disclosure requirement is in paragraph 79 of the draft IFRS Standard under the heading IFRS 13 <i>Fair Value Measurement</i> .	

<i>IFRS for SMEs Standard: Section 15 Investments in Joint Ventures disclosure requirements</i>	Paragraph(s) in the draft IFRS Standard
<p>15.19 An entity shall disclose the following:</p> <p>(a) the accounting policy it uses for recognising its interests in jointly controlled entities;</p> <p>(b) the carrying amount of investments in jointly controlled entities (see paragraph 4.2(k));</p> <p>(c) the fair value of investments in jointly controlled entities accounted for using the equity method for which there are published price quotations; and</p> <p>(d) the aggregate amount of its commitments relating to joint ventures, including its share in the capital commitments that have been incurred jointly with other venturers, as well as its share of the capital commitments of the joint ventures themselves.</p>	<p>Paragraph 76(a)</p> <p>Paragraph 76(b)</p> <p>Paragraph 76(c)</p> <p>Paragraph 78</p>
<p>15.20 For jointly controlled entities accounted for in accordance with the equity method, the venturer shall also make the disclosures required by paragraph 14.14 for equity method investments.</p>	<p>Paragraph 77</p>
<p>15.21 For jointly controlled entities accounted for in accordance with the fair value model, the venturer shall make the disclosures required by paragraphs 11.41–11.44. If a venturer applies the undue cost or effort exemption in paragraph 15.15 for any jointly controlled entity it shall disclose that fact, the reasons why fair value measurement would involve undue cost or effort and the carrying amount of investments in jointly controlled entities accounted for under the cost model.</p>	<p>Not proposed</p>
<p>Paragraph 15.21 of the <i>IFRS for SMEs Standard</i> and its reference to paragraphs 11.41–11.44 require, among others, the basis for determining fair value to be disclosed. A similar disclosure requirement is in paragraph 79 of the draft IFRS Standard under the heading IFRS 13 <i>Fair Value Measurement</i>.</p>	

Get in touch

If you would like to discuss the information in this Fact Sheet, please contact the Subsidiaries without Public Accountability team at subsidiaries@ifrs.org.

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