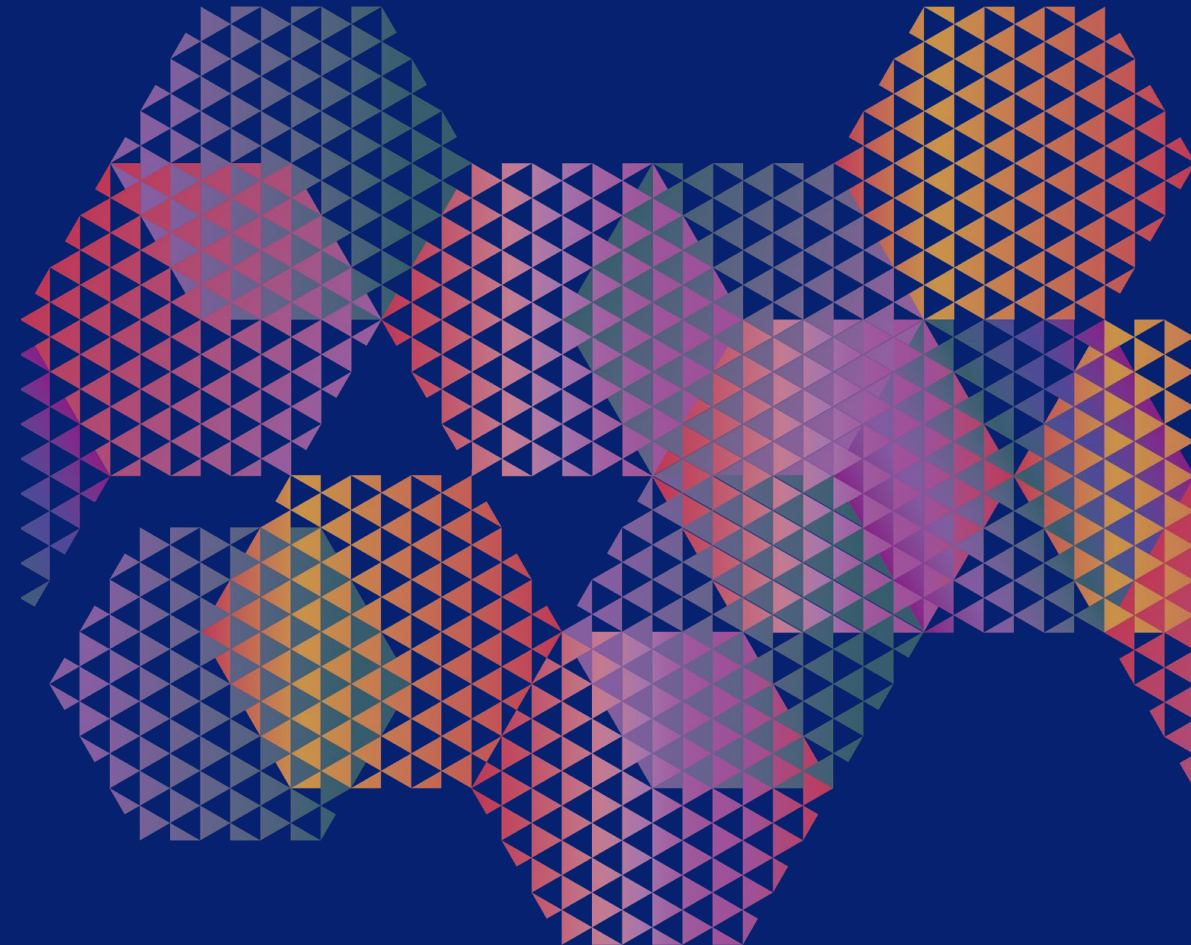


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## Accounting Standard

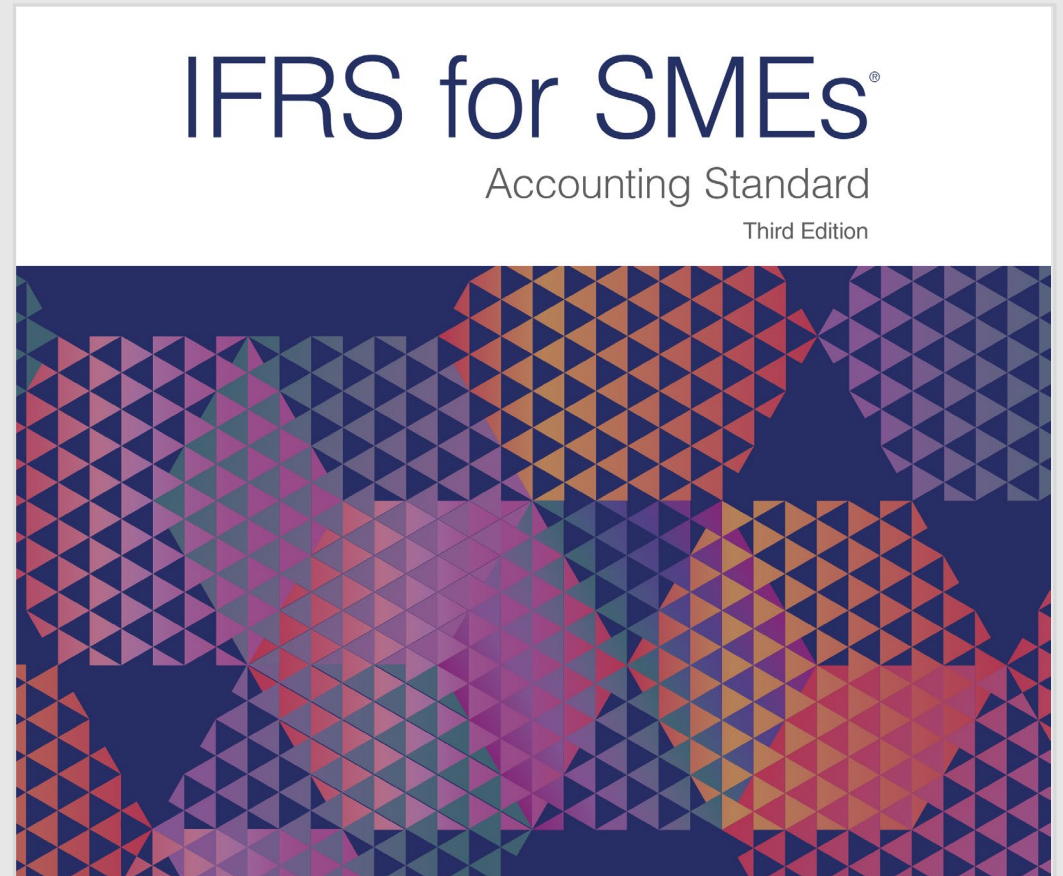
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### *Section 9 Consolidated and Separate Financial Statements and Section 15 Joint Arrangements*



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Section 9 *Consolidated and  
Separate Financial Statements*



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## Contents—Section 9

- 1** Section 9 *Consolidated and Separate Financial Statements*
- 2** Definition of control
- 3** Assessing control
- 4** Losing control of a subsidiary
- 5** New disclosure requirements
- 6** Transition requirements

## 1

# Section 9 *Consolidated and Separate Financial Statements*

## Reflecting improvements from IFRS 10 *Consolidated Financial Statements*



- **Updates the definition** of ‘control’ in Section 9 to align with that in IFRS 10
- **Makes control** the single basis for consolidation
- **Introduces requirements** when a parent loses control of a subsidiary
- **Retains the rebuttable presumption** that control exists when an investor owns a majority of the voting rights of an investee

## 2 Definition of control

An investor controls an investee if the investor has all of the following:

1

power over the investee

2

exposure, or rights, to variable returns from its involvement with the investee

3

the ability to use its power over the investee to affect the amount of the investor's returns

Single consolidation model for all entities that is based on control

## 2 Definition of control (cont.)

### Power

Investor has existing **rights** that give it the **current ability** to direct the **relevant activities**

### Returns

Investor's returns have the **potential to vary** as a result of the investee's performance

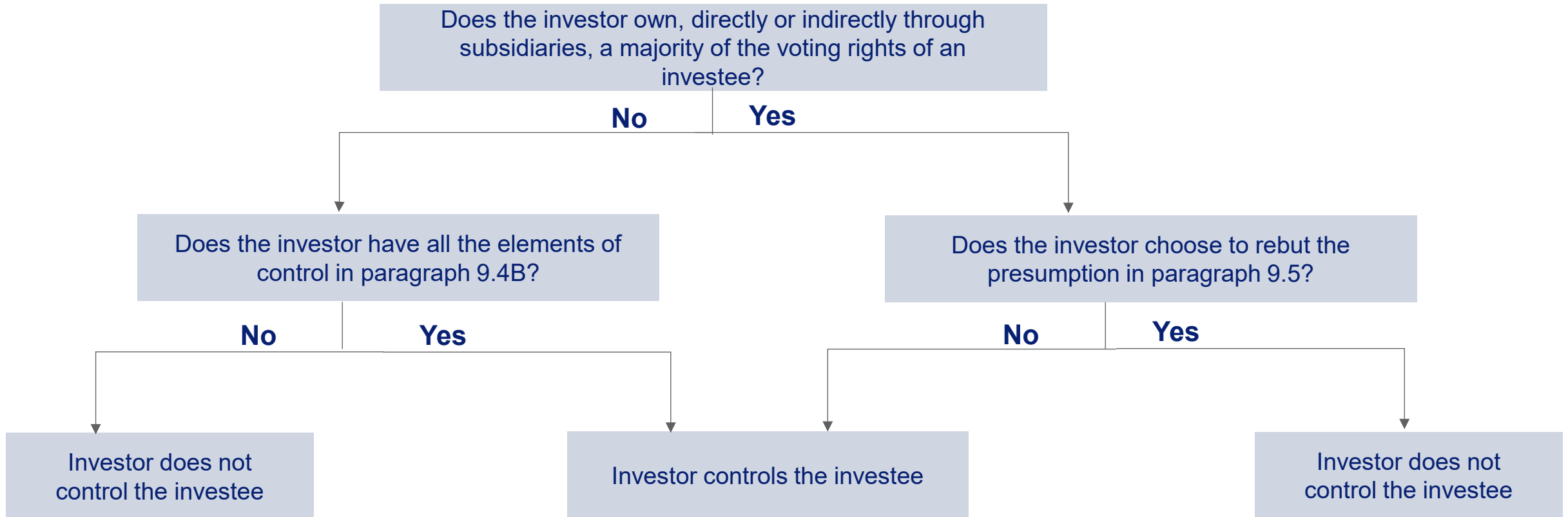
### Link between power and returns

Investor has the ability to **use its power to affect its returns** from its involvement with investee

### Simplification

Control is presumed to exist when the investor owns a majority of the voting rights of the investee

## 3 Assessing control



## 4 Losing control of a subsidiary

### Recognition and measurement requirements

If a parent loses control of a subsidiary:	
◀◀◀ <b>Derecognise</b>	carrying amounts of assets, liabilities and non-controlling interests
▶▶▶ <b>Recognise</b>	fair value of consideration received and fair value of interest retained in former subsidiary
= <b>Gain or loss</b>	recognised in profit or loss

## 5 New disclosure requirements

### Changes to the disclosure requirements in Section 9

#### Information about judgements

Disclosure of judgements made in the process of applying accounting policies, including judgements made in determining that the entity has control of another entity (paragraph 8.6)

#### Losing control of a subsidiary

Disclosure for the gain or loss from losing control of a subsidiary:

- the portion of that gain or loss attributable to measuring any interest retained in the former subsidiary at its fair value; and
- line items in profit or loss in which the gain or loss is recognised

## 6 Transition requirements

**Apply the amendments in Section 9 retrospectively**

**?** What if there is a change for the investees being consolidated by the entity?

**Consolidating an investee not previously consolidated**

Measure the assets, liabilities and NCI (including goodwill) as if the investee had been consolidated from the date control is obtained

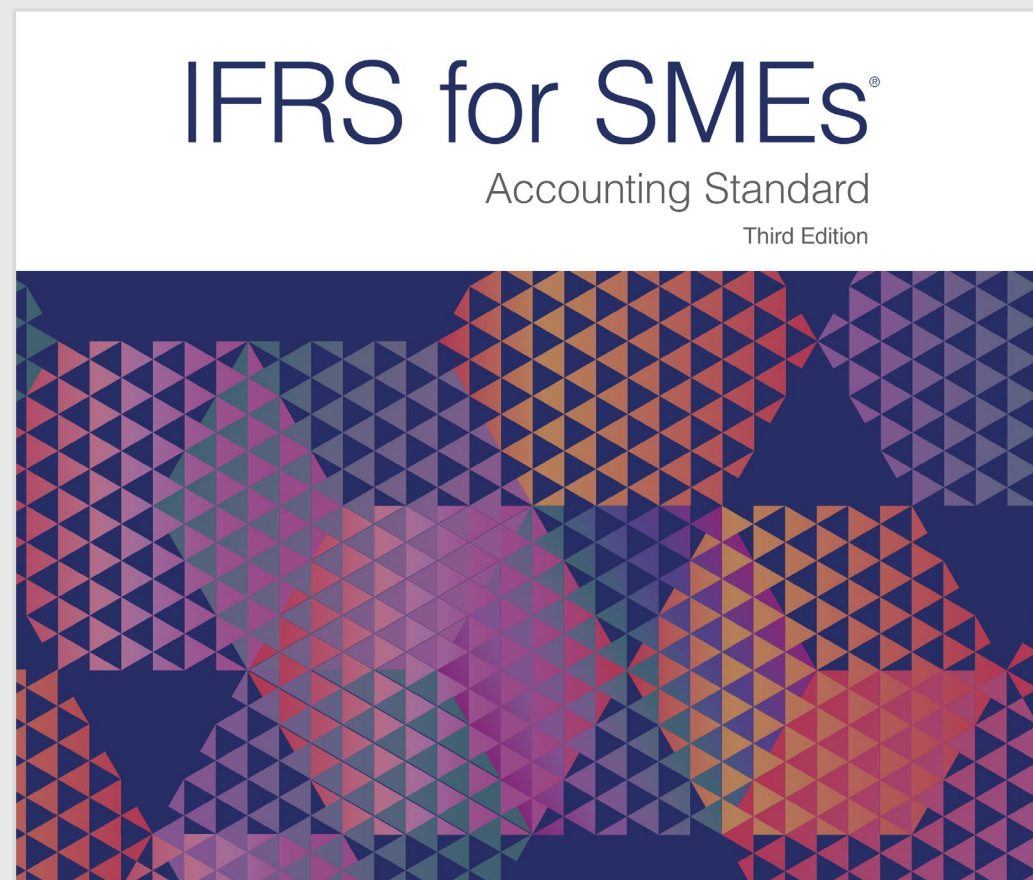
**No longer consolidating an investee previously consolidated**

Measure its interests in the investee applying other requirements in the Standard retrospectively (for example, as an investment in associates)

If impracticable, make adjustments from the earliest period practicable

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Section 15  
*Joint Arrangements*



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## Contents—Section 15

- 7** Section 15 *Joint Arrangements*
- 8** Definition of joint control
- 9** Requirements for a party that does not have joint control
- 10** Transition requirements

## 7 Section 15 *Joint Arrangements*

### Updated to align with some aspects of IFRS 11 *Joint Arrangements*



- **Updates the definition** of ‘joint control’ in Section 15 to align with that in IFRS 11
- **Introduces requirements** for a party to a jointly controlled operation or a jointly controlled asset that does not have joint control
- **Retains the classification of joint arrangements**, namely, jointly controlled operations, jointly controlled assets and jointly controlled entities

## 8 Definition of joint control

**A joint arrangement is an arrangement of which two or more parties have joint control**

**Joint control** is the **contractually agreed sharing of control** of an arrangement, which exists when **decisions** about the **relevant activities** require the **unanimous consent** of the parties sharing **control**

**Definition of 'control' in Section 9**

## 9 Requirements for a party that does not have joint control

Type of joint arrangement	A party that does not have joint control:
<b>Jointly controlled entity</b>	accounts for its investment applying Section 11 <i>Financial Instruments</i> or Section 14 <i>Investments in Associates</i>
<b>Jointly controlled operation</b>	recognises in its financial statements: <ul style="list-style-type: none"> <li>• assets it controls and liabilities it incurs; and</li> <li>• expenses it incurs and its share of revenue</li> </ul>
<b>Jointly controlled assets</b>	recognises in its financial statements: <ul style="list-style-type: none"> <li>• its share of the jointly controlled asset and any liabilities incurred jointly with the other parties; and</li> <li>• any liabilities incurred, revenues and expenses in relation to the joint arrangement</li> </ul>

## 10 Transition requirements

**Apply the amendments in Section 15 retrospectively**

Paragraph 10.13(b) of the Standard:

Disclose the amount of the adjustment for each line item affected for the period immediately preceding the date of initial application

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## Supporting materials



## Resources available on the IFRS Foundation's website



<https://www.ifrs.org/supporting-implementation/2025-ifrs-for-smes-supporting-materials/>



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## Accounting Standard

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