



THE ANANTROY BHATT KNOWLEDGE CENTRE



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Introduction

The objective of this standard is to require entities to disclose information that enables the user of the financial statements to evaluate the nature of, and risks associated with, interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 12 covers disclosures for entities which have interest in:

- Subsidiaries
- Joint arrangement
- Associates
- Unconsolidated structured entities

Structured Entity

An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

2

Outline

The IFRS establishes disclosure objectives according to which an entity discloses information that enables users of its financial statements

To Understand:

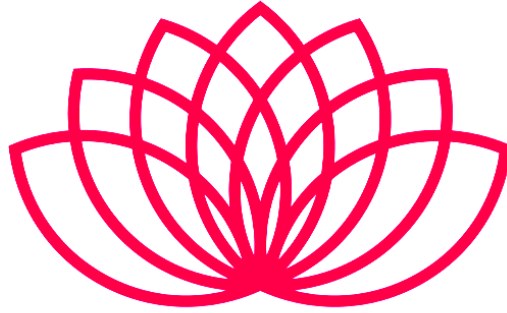
- the significant judgement and assumptions (and changes to those judgement and assumptions) made in determining the nature of its interest in another entity or arrangement (ie control, joint control or significant influence), and in determining the type of joint arrangement in which it has an interest; and
- the interest that non-controlling interests have in the group's activities and cash flows

To Evaluate:

- the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the group;
- the nature of, and changes in, the risks associated with its interests in consolidated structured entities;
- the nature and extent of its interests in unconsolidated structured entities, and the nature of, and changes in, the risks associated with those interests;
- the nature, extent and financial effects of its interests in joint arrangements and associates, and the nature of the risks associated with those interests;
- the consequences of changes in a parent's ownership interest in a subsidiary that do not result in a loss of control; and
- the consequences of losing control of a subsidiary during the reporting period.

The IFRS specifies minimum disclosures that an entity must provide. If the minimum disclosures required by the IFRS are not sufficient to meet the disclosure objective, an entity discloses whatever additional information is necessary to meet that objective.

The IFRS requires an entity to consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the requirements in the IFRS. An entity 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.



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