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IFRS 10 Consolidated Financial Statements

This new standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in consolidated financial statements. The principle of control is based on three criteria: power over the investee; exposure to variable returns from involvement in the investee; and the ability of the investor to use its power to affect the amount of its returns.

IFRS 10 sets out requirements on how to apply the control principle in circumstances:

- when voting rights or similar rights give an investor power, including situations where the investor holds less than a majority of voting rights and in circumstances involving potential voting rights;
- when an investee is designed so that voting rights are not the dominant factor in deciding who controls the investee, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements;
- involving agency relationships; and
- when the investor has control over specified assets of an investee.

The standard requires control of an investee to be reassessed when the facts and circumstances indicate that there have been changes to one or more of the criteria for determining control.

The new standard supersedes the requirements relating to consolidated financial statements in IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) and SIC-12 *Consolidation — Special Purpose Entities*.

IFRS 11 Joint Arrangements

This new standard improves on IAS 31 *Interests in Joint Ventures* by establishing principles that are applicable to the accounting for all joint arrangements.

The main features of IFRS 11 are as follows:

- Joint arrangements are classified into two types — joint operations and joint ventures — based on the contractual rights and obligations of the joint arrangement.
- A joint operator recognizes and measures the assets and liabilities, and recognizes the related revenues and expenses, in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses.
- A joint venturer recognizes an investment and accounts for that investment using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011).

The new standard supersedes the requirements in IAS 31 and SIC-13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*.

IFRS 12 Disclosure of Interests in Other Entities

This new standard provides enhanced disclosures about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 12 requires an entity to disclose information that enables users of financial statements to evaluate:

- the judgments and assumptions made by a reporting entity when deciding how to classify its involvement with another entity;
- the nature of, and risks associated with, its interests in other entities; and
- the effects of those interests on its financial position, financial performance and cash flows.

IAS 27 Separate Financial Statements

This standard was amended as a result of issuing a new standard on consolidated financial statements. Requirements relating to consolidated financial statements have been removed and placed in IFRS 10. Requirements from IAS 28 *Investments in Associates* (as revised in 2003) and IAS 31 have been relocated to this standard to create one standard that deals with separate financial statements.

A requirement has been added to disclose the name and principal place of business of investees that are significant to the parent entity in its separate financial statements when the parent entity has produced consolidated financial statements that comply with IFRSs.

The amended standard supersedes IAS 27 (as amended in 2008).

IAS 28 Investments in Associates and Joint Ventures

This standard was amended to incorporate the accounting for joint ventures because the equity method is now applicable to both joint ventures and associates. The disclosure requirements from IAS 28 (as revised in 2003) have been included in IFRS 12.

The amended standard supersedes IAS 28 (as revised in 2003).

Effective date of IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28

These new standards, issued by the International Accounting Standards Board (IASB) in May 2011, are effective for annual periods beginning on or after January 1, 2013. Earlier application of IFRS 10, IFRS 11, IAS 27 (as amended in 2011) and IAS 28 (as amended in 2011) are permitted if IFRS 10, IFRS 11, IFRS 12, IAS 27 (as amended in 2011) and IAS 28 (as amended in 2011) are applied at the same time. An entity is encouraged to provide information required by IFRS 12 earlier than annual periods beginning on or after January 1, 2013.

IAS 1 Presentation of Financial Statements

This standard was amended by the IASB in June 2011 to improve the consistency and clarity of the presentation of items of other comprehensive income.

A requirement has been added to present items in other comprehensive income grouped on the basis of whether they may be reclassified subsequently to profit or loss. This amendment makes clearer the effects items of other comprehensive income may have on profit or loss in the future. Consistent with this requirement, income tax on items presented in other comprehensive income is required to be allocated between items that will not be reclassified subsequently to profit or loss and those that might be reclassified, if the items in other comprehensive income are presented before tax.

These amendments are effective for annual periods beginning on or after July 1, 2012. Earlier application is permitted.
