IFRS 10 Consolidated Financial Statements

SCOPE

An entity that is a parent shall present consolidated F/S. This IFRS applies to all entities, except that a parent need not present consolidated F/S if it meets all of the following conditions:

- it is a wholly owned subsidiary or is a partially owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated F/S.
- its debt or equity instruments are not traded in a public market.
- it did not file, nor is it in the process of filing, its F/S with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market, and
- its ultimate or any intermediate parent produces F/S that are available for public use and comply with IFRSs, in which subsidiaries are consolidated or are measured at FVTPL in accordance with this IFRS.

- This IFRS does not apply to post-employment benefit plans or other long-term employee benefit plans.
- A parent that is an investment entity shall not present consolidated F/S if it is required, in accordance with this IFRS, to measure all of its subsidiaries at FVTPL.

ACCOUNTING REQUIREMENTS

A parent shall prepare consolidated F/S using uniform accounting policies for like transactions and other events in similar circumstances.

- Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee.
- Appendix B of this IFRS sets out guidance for the preparation of consolidated F/S.

Non-Controlling Interests

- A parent shall present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.
- Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners).
- Appendix B of this IFRS sets out guidance for the accounting for non-controlling interests in consolidated F/S.

Loss of Control

If a parent loses control of a subsidiary, the parent:

a. derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
b. recognizes any investment retained in the former subsidiary at its FV when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That FV shall be regarded as the FV on initial recognition of a financial asset in accordance with IFRS 9, or when appropriate, the cost on initial recognition of an investment in an associate or joint venture.
c. recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.
d. Appendix B sets out guidance for the accounting for the loss of control.

CONTROL

- An investor shall determine whether it is a parent by assessing whether it controls the investee.
- An investor shall consider all facts and circumstances when assessing whether it controls an investee.
- The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.
- Two or more investors collectively control an investee when they must act together to direct the relevant activities.
- An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns.

An Investor Controls an Investee if, and only if, the Investor has all Three of These:

Power	An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities (i.e. the activities that significantly affect the investee's returns). • Power arises from rights. • An investor with the current ability to direct the relevant activities has power even if its rights to direct have yet to be exercised. • If two or more investors each have existing rights that give them unilateral ability to direct different activities, the investor that has the current ability to direct the activities that most significantly affect returns of the investee has power over the investee. • An investor can have power over an investee even if other entities have existing rights that give them the current ability to participate in the direction of the relevant activities, for example when another entity has significant influence. • An investor that holds only protective rights does not have power over an investee and consequently does not control the investee.
Returns	An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement with the investee have the potential to vary as a result of the investee's performance. The investor's returns can be only positive, only negative or both positive and negative.
Link Between Power and Returns	An investor controls an investee if the investor not only has the power over the investee and the exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's returns from its involvement with the investee. Thus, an investor with decision-making rights shall determine whether it is a principal or an agent. An investor that is an agent does not control an investee when it exercises decision-making rights delegated to it.

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DETERMINING WHETHER AN ENTITY IS AN INVESTMENT ENTITY	INVESTMENT ENTITIES: EXCEPTION TO CONSOLIDATION
A parent shall determine whether it is an investment entity. An investment entity is an entity that: a. obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services. b. commits to its investor(s) that its business purposes is to invest funds solely for returns from capital appreciation, investment income, or both, and c. measures and evaluates the performance of substantially all of its investments on a fair value basis. Appendix B provides related application guidance.	• An investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9. ○ Notwithstanding the requirement above, if an investment entity has a subsidiary that is not an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities, it shall consolidate that subsidiary in accordance withy the requirements of this IFRS and apply the requirements of IFRS 3 to the acquisition of any such subsidiary.