



SUPPLEMENTARY

IND AS 112

PAPER - 17



INDIAN ACCOUNTING STANDARD (Ind AS)

Ind AS 112: Disclosure of Interests in Other Entities

1. Objective:

- A. The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:
- (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.
- B. To meet the objective in para A, an entity shall disclose:
- (a) the significant judgements and assumptions it has made in determining:
 - (i) the nature of its interest in another entity or arrangement;
 - (ii) the type of joint arrangement in which it has an interest
 - (iii) that it meets the definition of an investment entity, if applicable; and
 - (b) information about its interests in:
 - (i) subsidiaries;
 - (ii) arrangements and associates; and
 - (iii) structured entities that are not controlled by the entity (unconsolidated structured entities).
- C. If the disclosures required by this Ind AS, together with disclosures required by other Ind ASs, do not meet the objective in para A, an entity shall disclose whatever additional information is necessary to meet that objective.

2. Scope:

- A. This Ind AS shall be applied by an entity that has an interest in any of the following:
- (a) Subsidiaries;
 - (b) joint arrangements (i.e. joint operations or joint ventures);
 - (c) associates;
 - (d) unconsolidated structured entities.
- B. This Ind AS does not apply to:
- (a) post-employment benefit plans or other long-term employee benefit plans to which Ind AS 19, Employee Benefits, applies.
 - (b) an entity's separate financial statements to which Ind AS 27, Separate Financial Statements, applies. However, if an entity has interests in unconsolidated structured entities and prepares separate financial statements as its only financial statements, it shall apply the requirements of this standard when preparing those separate financial statements.

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- (c) an interest held by an entity that participates in, but does not have joint control of, a joint arrangement unless that interest results in significant influence over the arrangement or is an interest in a structured entity.
- (d) an interest in another entity that is accounted for in accordance with Ind AS 109, Financial Instruments. However, an entity shall apply this Ind AS:
 - (i) when that interest is an interest in an associate or a joint venture that, in accordance with Ind AS 28, Investments in Associates and Joint Ventures, is measured at fair value through profit or loss; or
 - (ii) when that interest is an interest in an unconsolidated structured entity.

3 to 9: Disclosure

3. About significant judgements and assumptions:

An entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:

- (a) that it has control of another entity, i.e. an investee as described in paragraphs 5 and 6 of Ind AS 110, *Consolidated Financial Statements*;
- (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.

4. Example of significant judgements and assumptions:

An entity shall disclose, for example, significant judgements and assumptions made in determining that:

- (a) it does not control another entity even though it holds more than half of the voting rights of the other entity;
- (b) it controls another entity even though it holds less than half of the voting rights of the other entity;
- (c) it is an agent or a principal;
- (d) it does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity;
- (e) it has significant influence even though it holds less than 20 per cent of the voting rights of another entity.

5. About investment entity status:

When a parent determines that it is an investment entity in accordance with paragraph 27 of Ind AS 110, 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

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28 of Ind AS 110), it shall disclose its reasons for concluding that it is nevertheless an investment entity.

6. About change of status:

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:

- (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 Ind AS 110; and
- (c) the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately).

7. About interests in subsidiaries:

A. An entity shall disclose information that enables users of its consolidated financial statements

(a) to understand:

- (i) the composition of the group; and
- (ii) the interest that non-controlling interests have in the group's activities and cash flows; and

(b) to evaluate:

- (i) the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the group;
- (ii) the nature of, and changes in, the risks associated with its interests in consolidated structured entities;
- (iii) the consequences of changes in its ownership interest in a subsidiary that do not result in a loss of control; and
- (iv) the consequences of losing control of a subsidiary during the reporting period.

B. About difference of dates:

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, an entity shall disclose:

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- (a) the date of the end of the reporting period of the financial statements of that subsidiary; and
- (b) the reason for using a different date or period.

C. About non-controlling interests:

An entity shall disclose for each of its subsidiaries that have non-controlling interests that are material to the reporting entity:

- (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.

D. About nature and extent of significant restrictions:

An entity shall disclose:

- (a) significant restrictions (e.g. statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the group, such as:
 - (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.
- (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).
- (c) the carrying amounts in the consolidated financial statements of the assets and liabilities to which those restrictions apply.

8. About Interests in joint arrangements and associates:

An entity shall disclose information that enables users of its financial statements to evaluate:

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- (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; and
- (b) the nature of, and changes in, the risks associated with its interests in joint ventures and associates.

9. About interests in unconsolidated structured entities:

An entity shall disclose information that enables users of its financial statements:

- (a) to understand the nature and extent of its interests in unconsolidated structured entities; and
- (b) to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.