“The new Standards on consolidations, joint arrangements and related disclosures are part of a package that merits the attention of all companies with significant involvement in other entities.

IFRS 10 provides a revised framework to assess when one entity controls another that will apply both to more conventional subsidiaries and to special purpose vehicles. We expect that, in most cases, conclusions as to what should be consolidated will be unchanged. However, ‘borderline’ consolidation decisions taken under IAS 27 will need to be reassessed and some will inevitably be revised. IFRS 12’s enhanced disclosure requirements will be particularly important in bringing transparency to more judgemental situations, including special purpose vehicles.

IFRS 11 meanwhile eliminates the use of proportionate consolidation for joint ventures. This will be a significant presentational change for the many venturers that chose this accounting policy under IAS 31. Although net assets will not be affected, the removal of that method of accounting will affect individual balance sheet and performance ratios.”

Andrew Watchman
Executive Director of International Financial Reporting

New consolidations standards

The IASB has published the following five new Standards dealing with group issues and off-balance sheet activity:
- IFRS 10 ‘Consolidated Financial Statements’
- IFRS 11 ‘Joint Arrangements’
- IFRS 12 ‘Disclosure of Interests in Other Entities’
- IAS 27 (Revised) ‘Separate Financial Statements’
- IAS 28 (Revised) ‘Investments in Associates and Joint Ventures’.

This special edition of IFRS News informs you about the new Standards and the implications they may have.
New consolidations standards

Publication of five new Standards means entities will need to review, and potentially change, their consolidation decisions.

The IASB has published five new Standards dealing with group issues and off-balance sheet activity (see table opposite).

These new Standards will need to be understood and considered in the context of each entity’s own circumstances.

Entities will need to pay close attention to IFRS 10’s new, principle-based definition of control. In some circumstances it will change the composition of a group as a consequence of reassessment of which entities a parent company controls. The new definition and guidance apply to all investees, including special purpose vehicles currently addressed by SIC-12 (referred to as structured entities in the new Standards).

Summary

<table>
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<tr>
<th>Standard</th>
<th>Significance</th>
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| **IFRS 10 Consolidated Financial Statements** | • supersedes IAS 27 ‘Consolidated and Separate Financial Statements’ and SIC-12 ‘Consolidation – Special Purpose Entities’  
• changes the definition of control and applies it to all investees to determine the scope of consolidation  
• has the potential to affect the outcome of many borderline and judgemental control assessments  
• expected to lead to few changes for conventional group structures based on majority share ownership  
• where such a change does arise, however, the impact could be very significant. |
| **IFRS 11 Joint Arrangements** | • supersedes IAS 31 ‘Interests in Joint Ventures’  
• eliminates the option of using proportionate consolidation for joint ventures  
• eliminates IAS 31’s ‘jointly controlled operations’ and ‘jointly controlled assets’ categories  
• most of the arrangements that would have been classified under those categories will fall into the newly defined category ‘joint operation’. |
| **IFRS 12 Disclosure of Interests in Other Entities** | • combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard  
• provides more transparency on ‘borderline’ consolidation decisions  
• enhances disclosures about unconsolidated structured entities in which an investor or sponsor has involvement  
• will help investors to assess the extent to which a reporting entity has been involved in setting up special structures and the risks to which it is exposed as a result. |
| **IAS 27 (Revised) Separate Financial Statements** | • consequential changes arising from the publication of the new IFRSs  
• IAS 27 will now solely address separate financial statements, the requirements for which are substantially unchanged. |
| **IAS 28 (Revised) Investments in Associates and Joint Ventures** | • changes in scope arising from the publication of IFRS 11  
• continues to prescribe the mechanics of equity accounting. |
Entities with interests in joint arrangements will need to consider the new terminology and classification requirements of IFRS 11. Where proportionate consolidation has been used in the past under IAS 31, entities will generally need to switch to equity accounting.

Finally, most entities can expect to be affected by the new disclosure requirements of IFRS 12 – especially parent companies whose subsidiaries have non-controlling interests and businesses that operate through so-called structured entities.

The table on page 2 summarises the main requirements of the new Standards. The main part of the newsletter then looks at the issues presented by IFRS 10 and IFRS 11 in greater depth, considering the practical effects they may have. We conclude with a discussion of IFRS 12’s disclosure requirements.

**Practical insight**
The publication of five new Standards may give the impression that everything related to consolidations has changed. This is not the case. The requirements of the mechanics of consolidation (uniform accounting policies, eliminations etc), accounting for non-controlling interests, and accounting for the loss of control remain the same. The exemptions from preparing consolidated financial statements are also unchanged – at least for now (but see later text box on investment companies).

**When are the changes effective?**
The new Standards are effective for annual periods beginning on or after 1 January 2013. Certain transition provisions exist.

Early application of IFRS 10, IFRS 11, IAS 27 (Revised) and IAS 28 (Revised) is possible only if the other new Standards are also adopted at the same time. Entities providing some or all of the disclosure requirements in IFRS 12 early are not compelled to adopt the other new Standards however.
Background to the project
The publication of IFRS 10 is in part a response to the financial crisis. Until now consolidation has been addressed by IAS 27 ‘Consolidated and Separate Financial Statements’ and SIC-12 ‘Consolidation – Special Purpose Entities’. There is some tension between these pronouncements, with IAS 27 focusing mainly on control through powers such as voting rights, and SIC-12 focusing more on exposure to risks and rewards of the investee.

During the financial crisis, some commentators questioned whether the current requirements on consolidations resulted in the right things being brought onto companies’ balance sheets. In particular there was a concern that financial statements sometimes failed to convey the full exposure to risks from special structures used by certain entities, especially banks, in managing securitisations and other arrangements.

IFRS 10 aims to address these concerns with a new, principle-based, definition of control that will be applied to all types of investee (including special purpose vehicles and more conventional voting interest entities) to determine which are consolidated. The IASB hopes that a single model founded on a principle-based definition of control, combined with enhanced disclosure under IFRS 12, will reduce structuring incentives, promote consistency and improve transparency.

New definition of control
“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 through its power over the investee.”

In order to determine whether a reporting entity has control over another entity in which it has invested, the following three elements must always be present:

i power over the investee
ii exposure, or rights, to variable returns from its involvement with the investee
iii the ability to use its power over the investee to affect the amount of the investor’s returns.

The new definition of control
IFRS 10 introduces a revised definition of control together with accompanying guidance on how to apply it. In contrast to IAS 27 and SIC-12, which resulted in different criteria for determining control being applied to special purpose vehicles, IFRS 10’s requirements will apply to all types of potential subsidiary.
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
- when the investor has control only over specified assets of an investee.

The concepts of power and the ability to obtain benefits in IAS 27’s definition of control are therefore retained. The new definition uses the term ‘returns’ rather than ‘benefits’ to avoid giving the impression that only positive returns are of relevance. In addition, the new definition focuses more specifically on the decisions that affect the level of returns and whether the investor controls those decisions. As a result, the decision whether to consolidate or not will need to be reconsidered in many borderline scenarios (see box on page 6). IFRS 12’s disclosure requirements will also be particularly significant in providing transparency to these assessments.
Neither IAS 27 nor SIC-12 provided guidance on the last two of the bullet points on the preceding page, so these are important areas of change. The guidance relating to potential voting rights and circumstances where voting rights are not the dominant factor in deciding control has also changed. We examine each of these areas in more detail on the following pages.

Entities will need to pay close attention to IFRS 10’s new, principle-based definition of control. In some circumstances, it will change the composition of a group.

### Examples of consolidation decisions that may change

<table>
<thead>
<tr>
<th>Decision</th>
<th>Change</th>
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| Special purpose vehicles  | • exposure to risks and rewards is only an indicator of control under IFRS 10. It does not on its own lead to consolidation. This is a change from the requirements of SIC-12  
                           • IFRS 10 requires a more specific identification of the decisions that have the greatest effect on returns, and who takes them  
                           • this change may impact on the consolidation decision for entities that were previously within the scope of SIC-12. |
| Large minority holdings   | • control may exist where other shareholdings are widely dispersed, and an investor holds significantly more voting rights than any other shareholder or group of shareholders. |
| Potential voting rights   | • under IFRS 10, potential voting rights may, in some circumstances, result in control even where they are not currently exercisable  
                           • IFRS 10 considers a broader range of indicators on whether such rights are substantive. |
| Delegated power           | • the new guidance in IFRS 10 on principals and agents may impact on consolidation decisions  
                           • investment and asset managers in particular may be affected. |
Circumstances when voting rights or similar rights give an investor power

The concept of power arises from existing rights under IFRS 10. Power refers to a reporting entity’s current ability to direct the activities of an entity that significantly affect the investee’s returns (the ‘relevant activities’).

IFRS 10 envisages a number of different ways in which a reporting entity can have power over another entity. In the most straightforward cases control arises by owning over 50% of the voting rights. However, an entity may still have sufficient power with less than half the voting rights. The following table lists some examples:

<table>
<thead>
<tr>
<th>Example</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>a) a contractual arrangement between the investor and other vote holders</td>
<td>a contractual agreement may for example enable an investor to direct enough other vote holders on how to vote to enable the investor to have control.</td>
</tr>
<tr>
<td>b) rights arising from other contractual arrangements</td>
<td>other decision-making rights, in combination with voting rights, can give an investor the current ability to direct the relevant activities of an entity.</td>
</tr>
<tr>
<td>c) the investor’s voting rights</td>
<td>the investor’s voting rights might be sufficient to enable it to direct the relevant activities of the investee even though it has less than 50% of the votes.</td>
</tr>
<tr>
<td>d) potential voting rights</td>
<td>potential voting rights are considered only if they are substantive.</td>
</tr>
</tbody>
</table>
| e) a combination of (a)–(d). | }
For the purpose of assessing power, only substantive rights are taken into account. Rights that are purely protective do not contribute to power for this purpose. Determining whether a right is substantive requires judgment. Factors to consider include:

• whether there are any barriers that prevent the holder from exercising the rights when the exercise of rights requires the agreement of more than one party, or, when the rights are held by more than one party, whether a mechanism is in place that provides those parties with the practical ability to exercise their rights collectively if they choose to do so.

• whether the party or parties that hold the rights would benefit from the exercise of those rights.

For the purpose of assessing power, only substantive rights are taken into account.

Practical insight
Under IFRS 10, an investor with potential voting rights may have power even if those potential voting rights are not currently exercisable. This is a change from IAS 27, under which only potential voting rights that are currently exercisable or convertible were relevant to determining control.

Under IFRS 10, in order to be substantive, potential voting rights will need to be exercisable in time to affect decisions on relevant activities – which does not always mean immediate exercisability. For example, an investor may hold potential voting rights to acquire a majority of an entity’s voting rights under a forward contract. If the contract is to be settled in 25 days time but the existing shareholders are unable to change the existing policies of the entity for at least 30 days (because, say, it takes 30 days to convene a special meeting of shareholders), then the potential voting rights will be substantive. This is because they give the holder the current ability to direct the relevant decisions even before the forward contract is settled.

All rights held (potential voting rights, participating rights, etc) and commitments provided will need to be identified in order to make the assessment of control.

1 protective rights are rights that are designed to protect the interest of the party holding them but which do not give power. For example they could be rights giving the holder protection in exceptional circumstances or which prevent fundamental changes being made to the activities of the investee.
**Circumstances where voting rights are not the dominant factor in deciding control**

An investee may be designed so that voting rights are not the dominant factor in deciding who controls the investee. For example, in some entities voting rights relate to administrative tasks and relevant activities are directed by contractual arrangement. In such cases, factors to be considered in assessing control include:

- the purpose and design of the investee
  - the risks to which the investee was designed to be exposed
  - the risks it was designed to pass on to the parties involved with the investee and whether the investor is exposed to some or all of those risks
  - consideration of the risks includes not only the downside risk, but also the potential for upside
- the involvement and decisions made at the investee’s inception as part of its design
  - whether contractual arrangements such as call rights, put rights and liquidation rights are sufficient to give the investor power
  - explicit or implicit commitments of the investor to ensure the investee continues to operate as designed
- indicators that the investor has the practical ability to direct the relevant activities unilaterally
  - the ability to appoint or approve the investee’s key management personnel
  - the ability to enter into, or veto any changes to, significant transactions for the benefit of the investor
  - the ability to dominate the nominations process for electing members of the investee’s governing body
- the investee’s key management personnel being related parties of the investor
- the majority of the members of the investee’s governing body being related parties
- dependency on the investor for funding or for the provision of critical assets, technology or employees.

**Practical insight**

This part of IFRS 10’s guidance will be relevant to many special purpose vehicles that are currently within the scope of SIC-12. Some of the indicators listed on this page are similar to SIC 12’s. However, IFRS 10 requires more focus on the particular decisions affecting returns. Exposure to the investee’s risks and rewards remains part of the analysis. However, IFRS 10 notes that exposure to variable risks and returns is an incentive to obtain power but not a conclusive determinant of power.

At this time it is difficult to predict whether IFRS 10 will lead to more or fewer special purpose vehicles being brought on-balance sheet. Consolidation decisions on special purpose vehicles are likely to remain a matter of professional judgement in many cases – but IFRS 10 changes the framework on which those judgements will be based.
In situations where a decision maker is uncertain as to whether it is acting as a principal or as an agent, it should consider:

- the scope of its decision-making authority over the investee
- rights held by other parties
- the remuneration to which it is entitled in accordance with the remuneration agreement(s)
- its exposure to variability of returns from other interests that it holds in the investee.

Determining whether a decision maker is acting as a principal or as an agent will require an evaluation of all of these factors, and therefore judgement, unless a single party holds substantive rights to remove the decision maker and can do so without cause.

Practical insight

This guidance is new and is intended to differentiate between powers an entity exercises for its own benefit and those it exercises on behalf of others (a concept sometimes referred to as 'fiduciary control'). This issue is particularly relevant to businesses such as venture capital firms and fund managers. Such entities often hold direct interests in an investee, along with additional holdings in funds managed on behalf of others.

The lack of guidance in IAS 27 on the fiduciary control issue has led to mixed practice in the past as entities make their own interpretations. IFRS 10 should result in greater consistency in this area, although judgement will undoubtedly still be required in some cases.

for an investor to control an investee it must have the ability to use its power to affect returns
Control of specified assets
Control is generally assessed at the level of the investee, which is defined as an entity. IFRS 10 does contain guidance however on the specific circumstances in which it is appropriate to consolidate a portion of an investee as a deemed separate entity.

Broadly speaking, this will only be where, in substance, all of the assets, liabilities and equity of the deemed separate entity are ring-fenced from the overall investee. The decision to consolidate the deemed separate entity is then determined by identifying the activities that significantly affect its returns and how those activities are directed in order to assess whether the investor has power over it.

Continuous assessment
IFRS 10 requires an investor to reassess the decision whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control. The Standard notes that an event may lead to a loss of power over an investee without the investor being involved in that event. For example where decision-making rights held by another party that previously prevented the investor from controlling an investee have elapsed.

Future developments: Investment entities
The IASB is also undertaking a related project on investment entities. The objective of the project is to identify particular types of investment entity that will be exempt from the general requirement to consolidate entities that they control. Instead such an entity would measure its investments at fair value, with changes in fair value recognised in profit or loss.

The IASB expects to issue an exposure draft on the project in the second quarter of 2011.

Transition
Transition provisions exist for:

- measuring the assets, liabilities and non-controlling interests of an investee consolidated under IFRS 10 which had not previously been consolidated under IAS 27 or SIC-12 (the transition provisions are affected by whether the investee meets the IFRS 3 definition of a business or not)
- measuring the retained interest in an investee which had been consolidated under IAS 27 or SIC-12 but which is no longer consolidated under IFRS 10.
IFRS 11 Joint Arrangements

Background to the project
IFRS 11 has been issued with the intention of addressing two perceived deficiencies in IAS 31 'Interests in Joint Ventures':

• that the legal form of the arrangement was the critical determinant of the accounting
• that an entity had a choice of accounting treatment for interests in jointly controlled entities (proportionate consolidation or equity accounting).

IFRS 11 aims to improve on IAS 31 by establishing principles that are applicable to the accounting for all joint arrangements (a joint arrangement being an arrangement over which two or more parties have joint control).

Key points in IFRS 11
The principal changes to and issues in IFRS 11 ‘Joint Arrangements’ are as follows:

• replaces IAS 31’s three categories of ‘jointly controlled entities’, ‘jointly controlled operations’ and ‘jointly controlled assets’ with two new categories – ‘joint operations’ and ‘joint ventures’
• a jointly controlled entity under IAS 31 (ie a joint venture structured through a separate legal entity) will usually be classified as a ‘joint venture’ under IFRS 11
• in limited circumstances a jointly controlled entity under IAS 31 will be classified and accounted for as a ‘joint operation’ – broadly when the venturers have rights and exposure to the underlying assets and liabilities
• eliminates the option of using proportionate consolidation for joint ventures
• all disclosure requirements are now contained in a separate Standard, IFRS 12.

We expand on some of these issues on the following pages.

IFRS 11’s new classification categories
Under IFRS 11, there are two possible types of joint arrangement – joint operations and joint ventures.

Two new classifications
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint venturers) have rights to the net assets of the arrangement.
The following diagram maps IAS 31’s three previous classifications into the two new categories:

**Old IAS 31 categories**

### Jointly controlled assets
Venturer recognised:
- its share of the jointly controlled assets
- liabilities incurred, and its share of any liabilities incurred jointly with the other venturers
- its share of income and its share of expense
- expenses it incurs.

### Jointly controlled operations
Venturer recognised:
- assets it controls and liabilities it incurs
- expenses it incurs and its share of income.

### Jointly controlled entities
Venturer had choice between:
- proportionate consolidation and
- equity accounting.

**New IFRS 11 categories**

### Joint operations
Joint operator recognises:
- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output of the joint operation
- its share of the revenue from sale of output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

### Jointly controlled assets
Venturer recognised:
- its share of the jointly controlled assets
- liabilities incurred, and its share of any liabilities incurred jointly with the other venturers
- its share of income and its share of expense
- expenses it incurs.

### Joint ventures
- joint venturer must use equity accounting.
Arrangements that would have previously been classified as ‘jointly controlled operations’ or ‘jointly controlled assets’ categories will fall into the newly defined category of ‘joint operation’. Under IFRS 11, a joint operator recognises and measures the assets and liabilities (and 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.

Similarly, most arrangements previously classified as ‘jointly controlled entities’ under IAS 31, will be classified as ‘joint ventures’ under IFRS 11. A joint venturer recognises its investment in a joint venture and accounts for it using equity accounting (in accordance with IAS 28 Revised) – the option of using proportionate consolidation that was contained in IAS 31 no longer exists.

**Practical insight – industries most affected**

Publication of the Standard can be expected to affect many entities operating in the extractive industries, property and construction sectors where joint ventures and other joint arrangements are common. It may of course have a significant effect on individual companies in other industries.

There is one important difference however. Under IAS 31, a joint arrangement would automatically have been classified as a jointly controlled entity if the arrangement was structured as an entity. Under IFRS 11 joint arrangements structured through an entity are assessed to determine whether the venturers’ rights and exposures are to the entity’s net assets, or to its underlying (gross) assets and liabilities. The latter category will be classified as joint operations because this better reflects the economic substance. The IASB have made this change as they were concerned that IAS 31 made the structure of the arrangement the only determinant of how it was accounted for.

Where the joint operator had previously been accounting for a jointly controlled entity using proportionate consolidation, classification as a joint operation under IFRS 11 may not have much impact however. This is because IFRS 11 requires a joint operator to recognise and measure its assets and liabilities (and revenues and expenses) under the arrangement.
Distinction between a joint operation and a joint venture

The key distinction between a joint operation and a joint venture, is that a joint venturer has rights to the net assets of a joint venture.

In contrast, for a joint operation, the parties that have joint control over the arrangement have rights to the assets, and obligations for the liabilities, of the arrangement.

Where a joint arrangement is not structured through a separate vehicle, the contractual arrangement establishes directly the parties’ rights to the assets and obligations for the liabilities relating to the arrangement.

Where a joint arrangement is structured through a separate vehicle, it can be either a joint venture or a joint operation.

To determine which type of arrangement, consider:
- the legal form of the separate vehicle
- the terms of the contractual arrangement
- when relevant, other facts and circumstances.

Examples of possible conditions that may indicate an arrangement is a joint operation:
- the activities of an arrangement are primarily designed for the provision of output to the parties
- the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement.

In many cases, the rights and obligations agreed to in the contractual arrangement will be consistent with the form of the separate vehicle. In some cases, however, the parties will use the contractual arrangement to reverse or modify the initial rights and obligations derived from the form of the separate vehicle. In the same way, other facts and circumstances can also alter the initial assessment of the type of joint arrangement.
Other interests in joint arrangements

Entities may hold interests in joint operations and joint ventures without being party to the joint control agreement (in other words, investors but not venturers).

An investor in a joint operation accounts for its interest in the arrangement as a joint operator would if it has rights to the assets, and obligations for the liabilities, relating to the joint operation. If on the other hand the investor does not have rights to the assets, and obligations for the liabilities, relating to that joint operation, it accounts for its interest in a joint operation in accordance with the IFRSs applicable to that interest.

A party that participates in, but does not have joint control of, a joint venture accounts for its interest in the arrangement in accordance with IFRS 9 ‘Financial Instruments’, unless it has significant influence over the joint venture, in which case IAS 28 applies.

Transition

Transition provisions exist for:

• joint ventures previously accounted for using proportionate consolidation (on transition, the initial investment is measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously consolidated including any goodwill arriving from acquisition)
• the disaggregation of assets and liabilities in joint operations that were previously accounted for using the equity method (disclosure of a reconciliation between the investment derecognised, and the assets and liabilities recognised, together with any difference adjusted against retained earnings, is required).
IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 complements the other new Standards. The new Standard:
• integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities
• provides transparency about the risks to which a reporting entity is exposed from its involvement with structured entities.

Practical insight
IFRS 12 specifies minimum disclosures that an entity must provide. Some of this information will be new and its preparation will require planning. One example is the requirement to provide summarised financial information about the assets, liabilities, profit or loss and cash flows of each subsidiary that has non-controlling interests that are material to the reporting entity. Another example is the requirement for an entity to disclose the nature of its interests in unconsolidated structured entities and the nature of the risks it is exposed to as a result.

System modifications and enhancements may be required to address the change in guidance and to provide the necessary information for the new disclosure requirements.

all entities can expect to be affected by the new disclosure requirements of IFRS 12
### Selected IFRS 12 disclosure requirements

**Objective**
A reporting entity should disclose information that helps users of financial statements understand:

<table>
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<tr>
<th>Objective</th>
<th>Examples of specific disclosure requirements</th>
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| • significant judgements and assumptions (and changes) made by the reporting entity in determining whether it controls another entity or not. | for example significant judgements and assumptions made in determining that:  
  • it does not control another entity even though it holds more than 50% of the voting rights  
  • it controls another entity even though it holds less than 50% of the voting rights  
  • it is an agent or a principal.                                                                                                                                                                                                                                                                                         |
| • the interest that the non-controlling interests have in the group’s activities. | the proportion of voting rights held by non-controlling interests, if different from the proportion of ownership interests held  
  sumarised financial information about subsidiaries that have non-controlling interests.                                                                                                                                                                                                                                                                                 |
| • the effect of restrictions on the reporting entity’s ability to access and use assets or settle liabilities of consolidated entities. | restrictions that affect the ability of a parent or its subsidiaries to transfer cash to (or from) other entities within the group  
  guarantees or other requirements that may restrict dividends being paid, or loans and advances being made, to other entities within the group.                                                                                                                                                                                                 |
| • the nature of, and changes in, the risks associated with the reporting entity’s interests in consolidated structured entities, joint arrangements, associates and unconsolidated structured entities. | for example:  
  • the terms of any contractual arrangements that could require the parent or its subsidiaries to provide financial support to a consolidated structured entity, including events or circumstances that could expose the reporting entity to a loss  
  • the type and amount of support provided to a consolidated structured entity, and the reasons for providing it  
  • the amount that best represents the entity’s maximum exposure to loss from its interests in unconsolidated structured entities, including how the maximum exposure is determined  
  • details of whether the entity is required to absorb losses of an unconsolidated structured entity before other parties  
  • unrecognised commitments to contribute resources to a joint venture, such as assets or services.                                                                                                                                                                                                 |