

Annex B

Section 9 – Consolidated and separate financial statements

Scope of this Section

- G9.1 This section defines the circumstances in which an NPO applying this Guidance presents consolidated financial statements and the procedures for preparing those statements in accordance with this Guidance. It also includes guidance on separate financial statements and combined financial statements if they are prepared in accordance with this Guidance. If a parent entity ~~by itself does not have public accountability~~ meets the description of an NPO in paragraph 1.4, it may present its separate financial statements in accordance with this Guidance, even if it presents its consolidated financial statements in accordance with full IFRS or another set of generally accepted accounting principles (GAAP).

Requirement to present consolidated financial statements

- G9.2 Except as permitted or required by paragraphs G9.3 and G9.3C, a parent entity shall present consolidated financial statements in which it consolidates its beneficial interest in controlled entities. Consolidated financial statements shall include all controlled entities of the parent.
- G9.3 A parent need not present consolidated financial statements if both of the following conditions are met:
- (a) the parent is itself a controlled entity; and
 - (b) its ultimate parent (or any intermediate parent) produces consolidated general purpose financial reports that comply with full IFRS or with this Guidance.
- G9.3A Subject to paragraph G9.3B, a controlled entity is not consolidated if it is acquired and is held with the intention of selling or disposing of it within one year from its acquisition date (ie the date on which the acquirer obtains control is obtained of the acquiree). Such a controlled entity is accounted for in accordance with the requirements in Section 11 Basic Financial Instruments as for investments in paragraph 11.8(d), instead of in accordance with this section. The parent shall also provide the disclosure in paragraph G9.23A.
- G9.3B If a controlled entity previously excluded from consolidation in accordance with paragraph G9.3A is not disposed of within one year from its acquisition date (ie the parent NPO still has control over that controlled entity):
- a. the parent shall consolidate the controlled entity from the acquisition date unless it meets the condition in paragraph G9.3B(b). Consequently, if the acquisition date was in a prior period, the relevant prior periods shall be restated.
 - b. if the delay is caused by events or circumstances beyond the parent's control and there is sufficient evidence at the reporting date that the parent remains committed to its plan to sell or dispose of the controlled entity, the parent shall continue to account for the controlled entity in accordance with paragraph 9.3A.
- G9.3C If a parent has no controlled entities other than controlled entities that are not required to be consolidated in accordance with paragraphs G9.3A–G9.3B, it shall not present consolidated financial statements. However, the parent shall provide the disclosure in paragraph G9.23A.

- G9.4 A **controlled** is an entity that is controlled by the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. If an NPO has created a special purpose entity (SPE) to accomplish a narrow and well-defined objective, the NPO shall consolidate the SPE when the substance of the relationship indicates that the SPE is controlled by that NPO (see paragraphs G9.10–G9.12).
- G9.5 Control is presumed to exist when the parent owns, directly or indirectly through **controlled entities**, more than half of the voting power of an entity. That presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity but it has:
- power over more than half of the voting rights by virtue of an agreement with other investors;
 - power to govern the financial and operating policies of the entity under a statute or an agreement;
 - power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
 - power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body

Membership or the voting rights at the board may not be as a result of ownership, but because of a governing body established to deliver an NPO's objects or purposes).

- G9.5A Control may also exist when NPOs have the power, earned from rights to direct the relevant activities of another entity, to deliver variable benefits to the public and service recipients. Control may also exist when an NPO has:
- power to direct the policies of the governing body of another entity that give the NPO the ability to direct the relevant activities of another entity;
 - power to approve, significantly amend or veto service or capital budgets relating to the relevant activities of another entity; or
 - power to direct the transactions of another entity that relate to the relevant activities of another entity.
- G9.6 Control can also be achieved by having options or convertible instruments that are currently exercisable or by having an agent with the ability to direct the activities for the benefit of the controlling NPO.
- G9.7 A **controlled entity** is not excluded from consolidation because its business activities are dissimilar to those of the other entities within the consolidation. Relevant information ~~is~~ **can be** provided by consolidating such **controlled entities** and disclosing additional information in the consolidated financial statements about the different business activities of **controlled entities**.
- G9.8 Whilst a controlled entity is not excluded because of dissimilar business activities, a parent NPO shall have regard to faithful representation and to relevance. If, exceptionally consolidating a controlled entity would be detrimental to these characteristics, then an NPO should not consolidate those controlled entities.
- G9.9 Where an NPO does not consolidate a controlled entity it shall disclose;
- why consolidation would impact faithful representation or relevance;

- b. the relationship between the entities including the transfer of income and expenses between the entities the governance arrangements in place between the entities.

G9.10 A **controlled entity** is not excluded from consolidation because it operates in a jurisdiction that imposes restrictions on transferring **cash** or other **assets** out of the jurisdiction.

Special purpose entities (SPEs)

G9.11 An entity, **including an NPO** may be created to accomplish a narrow objective (for example, to effect a **lease**, undertake **research** and **development** activities or securitise **financial assets**). Such an SPE may take the form of a corporation, trust, partnership or unincorporated entity. Often, SPEs are created with legal arrangements that impose strict requirements over the operations of the SPE.

G9.12 An **NPO** shall prepare consolidated financial statements that include the **NPO** and any SPEs that are controlled by that **NPO**. In addition to the circumstances described in paragraph G9.5, the following circumstances may indicate that an **NPO** controls an SPE (this is not an exhaustive list):

- a. the activities of the SPE are being conducted on behalf of the **NPO** according to its specific business needs;
- b. the **NPO** has the ultimate decision-making powers over the activities of the SPE even if the day-to-day decisions have been delegated;
- c. the **NPO** has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE; or
- d. the **NPO** retains the majority of the residual or ownership risks related to the SPE or its assets.

G9.13 Paragraphs G9.11 and G9.12 do not apply to **post-employment benefit plans** or other long-term **employee benefit** plans to which Section 28 *Employee Benefits* applies.

Consolidation procedures

G9.14 The **consolidated financial statements** present financial information about the group as a single economic entity **or other complete set of activities related to an NPO's purposes**. In preparing consolidated financial statements, an **NPO** shall:

- a. combine the **financial statements** of the parent and its **controlled entities** line by line by adding together like items of **assets, liabilities, contributed capital, income** and **expenses**.
- b. eliminate the **carrying amount** of the parent's **beneficial interest** in each **controlled entity** and the parent's portion of **reserves or equity or contributed capital** of each **controlled entity**.
- c. measure and present **non-controlling interest** in the **surplus or deficit** of consolidated **controlled entities** for the **reporting period** separately from **contributed capital** of the parent.
- d. measure and present non-controlling interest in the net assets of consolidated **controlled entities** separately from the parent's **contributed capital or reserves** in them. Non-controlling interest in the net assets consists of:
- e. the amount of the non-controlling interest at the date of the original combination calculated in accordance with Section 19 Business Combinations and Goodwill; and
- f. the non-controlling interest's share of changes in **contributed capital and-reserves** since the date of the combination.

- G9.15 The proportions of **surplus or deficit** and changes in **contributed capital or reserves allocated to the owners** of the parent **NPO** and to the non-controlling interest are determined on the basis of existing **ownership controlling** interests and do not reflect the possible exercise or conversion of options or convertible instruments

Intragroup balances and transactions

- G9.16 Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. **Surpluses or deficits** resulting from intragroup transactions that are recognised in assets, such as **inventory** and **property, plant and equipment**, are eliminated in full. Intragroup **deficits** may indicate an **impairment** that requires **recognition** in the consolidated financial statements (see Section 27 *Impairment of Assets*). Section 29 *Income Tax* applies to **temporary differences** that arise from the elimination of **surpluses or deficits** resulting from intragroup transactions.

Uniform reporting date

- G9.17 The financial statements of the parent and its **controlled entities** used in the preparation of the consolidated financial statements shall be prepared as of the same reporting date unless it is **impracticable** to do so. If it is impracticable to prepare the financial statements of a **controlled entity** as of the same reporting date as the parent, the parent shall consolidate the financial information of the **controlled entity** using the most recent financial statements of the **controlled entity**, adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

Uniform accounting policies

- G9.18 Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events and conditions in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Acquisition and disposal of subsidiaries

- G9.19 The income and expenses of a **controlled entity** are included in the consolidated financial statements from the acquisition date until the date on which the parent ceases to control the **entity**. When a parent ceases to control an **entity**, the difference between the proceeds from the disposal of the **controlled entity** and its carrying amount at the date that control is lost is recognised in **surplus or deficit** in the consolidated **Statement of income and expenses** ~~(or the income statement, if presented)~~ as the **gain** or loss on the disposal of the **controlled entity**. The cumulative amount of any exchange differences that relate to a foreign **controlled entity** recognised in **Statement of income and expenses** in accordance with Section 30 *Foreign Currency Translation* is not reclassified to **surplus or deficit** on disposal of the subsidiary.
- G9.20 If an entity ceases to be a **controlled entity** but the investor **NPO** (former parent) continues to hold an investment **or beneficial interest** in the former **controlled entity** that investment **or beneficial interest** shall be accounted for as a financial asset in accordance with Section 11 or Section 12 *Other Financial Instrument* Issues from the date the entity ceases to be a **controlled entity**, provided that it does not become an **associate** (in which case Section 14 *Investments in Associates* applies) or a **jointly controlled entity** (in which case Section 15 *Investments in Joint Ventures* applies). The carrying amount of **the controlled entity** at the date

that the entity ceases to be a **controlled entity** shall be regarded as the cost on initial measurement of the financial asset

Non-controlling interest in subsidiaries

G9.21 An **NPO** shall present non-controlling interest in the consolidated **statement of financial position** within **net assets**, separately from the **contributed capital** of the parent, as required by paragraph **G4.2(q)**.

G9.22 An **NPO** shall disclose non-controlling interest in the **surplus or deficit** of the group separately in the statement of **income and expenses**, as required by paragraph **G5.6** ~~(or in the income statement, if presented, as required by paragraph 5.7).~~

G9.23 ~~Profit or loss and each component of other comprehensive income~~ **Surplus or deficit** shall be attributed to ~~the owners of the parent~~ **the funds of the NPO** and to the non-controlling interest **even if this results in the non-controlling interest having a deficit balance.** ~~Total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.~~

Disclosures in consolidated financial statements

G9.24 The following disclosures shall be made in consolidated financial statements:

- a. the fact that the statements are consolidated financial statements;
- b. the basis for concluding that control exists when the parent does not own, directly or indirectly through **controlled entities**, more than half of the voting power;
- c. any difference in the reporting date of the financial statements of the parent and its **controlled entities** used in the preparation of the consolidated financial statements; and
- d. the nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of **controlled entities** to transfer funds to the parent in the form of cash dividends or to repay loans.

G9.24A In addition to the disclosure requirements in Section 11, a parent **NPO** shall disclose the carrying amount of **its beneficial interest in controlled entities** that are not consolidated (see paragraphs 9.3A–9.3C) at the reporting date, in total, either in the statement of financial position or in the **notes**.

Separate financial statements

Presentation of separate financial statements

G9.25 This **Guidance** does not require presentation of separate financial statements for the parent **NPO** or for the individual **controlled entities**.

G9.26 Separate financial statements are a second set of financial statements presented by an **NPO** in addition to any of the following:

- a. consolidated financial statements prepared by a parent;
- b. financial statements prepared by a parent exempted from preparing consolidated financial statements by paragraph G9.3C; or
- c. financial statements prepared by an **NPO** that is not a parent but is an investor in an associate or has a **venturer's** interest in a **joint venture**.

Accounting policy election

G9.27 When a parent, an investor in an associate or a venturer with an interest in a jointly controlled entity prepares separate financial statements and describes them as conforming to **INPAG**,

those statements shall comply with all of the requirements of this **Guidance** except as follows. The **NPO** shall adopt a policy of accounting for its **beneficial interests** in **controlled entities**, associates and **jointly controlled entities** in its separate financial statements either:

- a. at cost less impairment;
- b. at **fair value** with changes in fair value recognised in **surplus or deficit**; or
- c. using the equity method following the procedures in paragraph G14.8.

The **NPO** shall apply the same accounting policy for all investments in a single class (**controlled entities**, associates or jointly controlled entities), but it can elect different policies for different classes.

Disclosures in separate financial statements

G9.28 When a parent, an investor in an associate or a venturer with an interest in a jointly controlled entity prepares separate financial statements, those separate financial statements shall disclose:

- a. that the statements are separate financial statements; and
- b. a description of the methods used to account for the **beneficial interest in the controlled entities**, jointly controlled entities and associates, and
- c. shall identify the consolidated financial statements or other primary financial statements to which they relate.

Combined financial statements

G9.29 Combined financial statements are a single set of financial statements of two or more entities under common control (as described in paragraph G19.2(a)). This **Guidance** does not require combined financial statements to be prepared.

G9.30 If the investor prepares combined financial statements and describes them as conforming to **INPAG**, those statements shall comply with all of the requirements of this **Guidance**. Inter **entity** transactions and balances shall be eliminated; profits or losses **or surpluses or losses** resulting from inter **entity** transactions that are recognised in assets such as inventory and property, plant and equipment shall be eliminated; the financial statements of the entities included in the combined financial statements shall be prepared as of the same reporting date unless it is practicable to do so; and uniform accounting policies shall be followed for like transactions and other events in similar circumstances.

Disclosures in combined financial statements

G9.31 The combined financial statements shall disclose the following:

- a. the fact that the financial statements are combined financial statements;
- b. the reason why combined financial statements are prepared;
- c. the basis for determining which entities are included in the combined financial statements;
- d. the basis of preparation of the combined financial statements; and
- e. the related party disclosures required by Section 33 Related Party Disclosures.

Application Guidance - Section 9 *Consolidated and separate financial statements*

Outline of content – to be updated following TAG discussion

Applying the qualitative characteristics to consolidation

This section to cover the application of:

- Faithful representation
- Relevance

in determining whether consolidation should be carried out

The basis of control

AG9.x A parent NPO controls another entity if, and only if, it has all the following:

- a) power over the entity (power);
- b) exposure, or rights, to variable returns from its involvement with the entity (returns); and
- c) the ability to use its power over the entity to affect the amount of the parent NPO's returns (link between power and returns).

AG9.x Power, returns and the linkage between power and returns have wider aspects and nuances for NPOs which do not apply to for-profit organisations. Control, power and return all need to be interpreted in the context of benefit to the public and activities that further the purposes of the NPO parent for the benefit of the public. These wider considerations are explained below, and specific guidance is provided on each.

Application guidance: control

AG9.x For NPOs delivering activities for the benefit of the public, including making social investments in entities to deliver benefits to the public, the notion of financial returns is sometimes appropriate, but in other cases is simply not appropriate. For many parent NPOs, making money from a controlled entity to distribute to the providers of risk capital, by way of financial return, is not the motive.

AG9.x A parent NPO controls an entity where it is has rights to, or can exercise the ability to;

- a. direct the activities of the entity to benefit from its interest in the controlled entity to further one or more of the purposes of the NPO parent or
- b. can direct the use of the funds of the entity to further one or more of the purposes of the parent NPO.

AG9.x In line with this, when considering whether an NPO controls another entity, the following questions need to be considered

- Does the NPO have rights to or can it exercise the ability to direct the activities of the entity, or direct the use of the funds of the entity?

- Can the NPO use these rights or ability to further one or more of the purposes of the NPO?

Application guidance: power

- AG9.x A parent NPO has power over an entity when the parent NPO has existing rights that give it the current ability to direct the activities of the entity, or direct the use of the funds of the entity to further one or more of the purposes of the NPO.
- AG9.x The ability to direct the activities of or the use of funds exists where the parent NPO:
- a. has the right to appoint the majority of the governing body (be that trustees or board members) of the entity; or
 - b. has the right to appoint the majority of the key management personnel; or
 - c. can exercise the majority of voting rights (which could be from contracts or other arrangements); or
 - d. has a right to veto any or all of the activities of the entity; or
 - e. has a right to veto any or all of the uses to which the funds of the entity may be put.
- AG9.x Some rights to direct the use of funds do not give rise to control. Where an NPO makes grants to other entities, grant agreements may set out conditions that a grant recipient only uses the funds provided to undertake the activities for which the grant was made and for no other purpose. The agreement though is only relating to one aspect of the recipient entity's purposes and activities and does not provide a general right to the grant-making NPO to direct all the activities of the grant receiving entity and so the recipient is not in substance an entity controlled by the grant-making NPO.
- AG9.x The ability to control an entity does not have to be exercised in the reporting period for the parent NPO to establish control; the presence of the ability to control is of itself sufficient.

Application guidance: return

- AG9.x A parent NPO is exposed, or has rights, to variable benefits from its involvement with a controlled entity when the parent NPO has the ability to direct the benefits from its involvement and those benefits have the potential to vary due to both the parent NPO having the ability to exercise control and the performance of the controlled entity. The benefits to the parent NPO can be only positive, only negative or both positive and negative in furthering its activities.
- AG9.x Benefits from involvement with an entity refer to the contribution made to furthering the purposes of the parent NPO.
- AG9.x A return from an interest in another entity is not necessarily a matter of obtaining funds from the entity. Rather the return is the benefit the parent NPO derives in exercising its control to fulfil one or more of the purposes of the parent NPO. A focus on benefit allows for non-financial as well as financial benefits.
- AG9.x The ability to control means that the benefit to the parent NPO does not result from a voluntary collaboration, a coincidence of activities or through a joint venture or similar arrangement where the other entity has discretion as to the nature and extent of any benefit the parent NPO might obtain.

Wider considerations

Reasons for control

AG9.x In the context of for-profit entities, the purpose of acquiring control over another entity or establishing another entity as part of an economic group of undertakings is to ultimately generate a financial return for distribution to the providers of risk capital. These considerations are relevant to NPOs that are trading to generate cash flows to undertake activities for the benefit of the public or to trade for profit to generate a surplus which will be used to undertake activities for the benefit of the public. However, NPOs also control other entities specifically to provide services to the public.

How power is exercised

AG9.x Both for-profit and non-profit entities may invest in other undertakings to generate a return or have a participating interest in joint activities or hold a minority interest in an undertaking. Such collaborative activities in a for-profit context are associated with equity stakes and a formal contractual relationship. Similar considerations may apply for non-profits.

AG9.x However, NPOs due to their wider purposes often collaborate with other NPOs in a co-operative and non-contractual way to further these purposes.

Market value transactions

AG9.x Whether contractual or not, a significant amount of obligations may not be carried out at market value. Goods or services can be supplied to a customer or beneficiary at below market or for nominal consideration. These considerations can apply where an NPO has an interest in a for-profit entity where that interest is not held primarily for a financial return but for example to further a social purpose for the benefit of the public.

Stewardship

AG9.x Stewardship in the context of NPOs should not be defined in the same manner as for-profits. Instead stewardship should be considered in terms of the capacity of the NPO to carry out its non-profit activities, the sustainability of those activities, the nature of those activities and the difference or effect that those activities make for the benefit of the public.

Basis of Conclusions – Section 9 Consolidated and separate financial statements

Introduction

- BC9.1 This Basis for Conclusions summarises the considerations made during the development of Section 9 – *Consolidated and separate financial statements* for the Exposure Draft.
- BC9.2 It includes details of any changes made to the approach that was set out in the IFR4NPO Consultation Paper as a result of feedback from respondents. This has been done to enable respondents to this Exposure Draft to understand the evolution of the proposals from the Consultation Paper to Exposure Draft stage.
- BC9.3 The consultation paper considered the definition of the reporting entity in terms of the financial reporting definition and its links to the definition of control and the sometimes complex structures such as branches and other operational structures that can be established to reach local communities and the recipients of the goods and services provided by NPOs (see also comments in the basis of conclusions for Section 2 *Concepts and Pervasive Principles*).
- BC9.4 This Basis for Conclusions will be updated following the finalisation of Section 9 – *Consolidated and separate financial statements* after the Exposure Draft stage.

Response to the Consultation Paper

- BC9.5 The Consultation Paper considered alternatives for the approach to the definition of control when looking at the reporting entity. Alternative 1 was based on the IFRS 10 – *Consolidated financial statements* and IPSAS 35 – *Consolidated financial statements* definition of control and alternative 2 based on the more pragmatic guidance in *IFRS for SMEs* 2015 edition.
- BC9.6 The *IFRS for SMEs* Standard takes a pragmatic approach, currently defining control as the power of to govern the financial and operating policies of another entity to obtain benefits from its activities. The IFRS and IPSAS standard on consolidated financial statements require a judgement to be formed. This judgement is based the concepts of control in those standards.
- BC9.7 Respondents to the consultation on balance favoured the pragmatic approach in alternative 2, but there was also support for alternative 1. The reasons provided for favouring alternative 2 centred on the ease of application and contrasted this with the resources that might be required in forming the judgements needed under alternative 1. Comments also related to the costs and benefits of applying alternative 2.
- BC9.8 The respondents that preferred the control model under IFRS 10 and IPSAS 35 indicated this alternative as a preference as this was consistent with the key international frameworks and because the control framework is based on the substance of the transaction and not the form. Comments included that NPOs can find it easier to understand the substance of the relationships in operation better than their legal forms. As the IASB and IPSASB frameworks do not use 'bright-lines' judgements, they can be more easily adopted in different jurisdictions.

BC9.9 To explore these views further, a Focus Group was held. Attendees to the event were more balanced in their support between the two alternatives. Attendees supported consultees views on both approaches with additional focus on the resource benefits of alternative 2.

Use of IFRS 10

BC9.10 Acknowledging this input and the likely direction of the revised IFRS for SMEs standard, the INPAG Secretariat decided to adopt the control framework in IFRS and IPSAS. The IASB has tentatively agreed to follow the definition of control as set out in IFRS 10 following the Comprehensive Review of IFRS for SMEs. [further text to be inserted when the draft is available].

BC9.11 IFRS for SMEs includes a rebuttable presumption to simplify the application of the control concepts. These simplifications are considered valuable for NPOs and are proposed to be retained. This approach allows judgements to be formed in line with the benefits of alternative 1, but proposes the inclusion of a rebuttable presumption around control to allow a more pragmatic approach.

BC.12 The rebuttable presumption in paragraph 9.5 of IFRS for SMEs says that 'control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity'. Paragraph 9.5 also provides other examples of control relating to powers by virtue of voting rights, power to govern the financial or operating policies of an entity, powers to appoint members of the board or to cast the majority of votes on the Board. To be effective the rebuttable presumption needs to be applicable to a wide range of NPOs. The framing of the rebuttable presumption will be revisited once feedback has been received on the Exposure Draft.

BC9.13 The draft Guidance uses the concepts of control as set out in IFRS 10 on the basis that this is the approach now adopted in IFRS for SMEs. The Technical Advisory Group were strongly of the view that alignment with IFRS 10 is important. In drafting the Guidance and Application Guidance, the Technical Advisory Group supported the use of IPSAS 35 and other internationally available guidance to explain how these concepts apply to NPOs. The application guidance specifically seeks to address how the concepts in IFRS 10 should be used in an NPO context.

BC.14 The application guidance in IPSAS 35 is useful in demonstrating how these concepts work with non-profit entities. For example, a new paragraph has been inserted into the Guidance to reference power earned from rights to direct the relevant activities of another entity to deliver variable benefits to the public and service recipients. These include the ability to direct the relevant activities of another entity, the ability to direct capital budgets or other transactions.

Basis of consolidation

BC9.15 In developing the Guidance the Technical Advisory Group raised questions about the conceptual basis of consolidation of NPOs and whether there were any differences between for-profit and non-profit entities. It was noted that feedback, predominantly through academic studies was that some users find it difficult to understand consolidated financial information, and would value understanding the relationship between associated and controlled entities.

BC9.16 The Secretariat have looked at how the qualitative characteristics that form part of the concepts and pervasive principles for INPAG might apply to consolidation. The Secretariat identified two qualitative characteristics, 'faithful representation' and 'relevance', as being important in considering whether controlled entities should be consolidated by a parent NPO.

BC9.17 The Secretariat have considered these characteristics and have developed further guidance to illustrate how an NPO might consider each of these characteristics in forming a judgement about whether a parent NPO should consolidate a controlled entity.

BC9.18 The Secretariat are strongly of the view, that where an NPO has not consolidated a controlled entity, it must explain the reasons why, and set out the relationship between the entities. This should include information about the nature of the relationship, governance arrangements and the nature and value of transactions between the entities.

BC9.19 The topic of consolidation is outside of the scope of this first phase of the development of the INPAG. However, the Secretariat are keen to understand views on this topic to further develop the Guidance in subsequent phases.

Section 9 – Consolidated and separate financial statements

No	IFRS for SMEs Paragraph	No	INPAG Paragraph
Scope of this Section			
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Requirement to present consolidated financial statements			
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No	IFRS for SMEs Paragraph	No	INPAG Paragraph
9.3A	Subject to paragraph 9.3B, a subsidiary is not consolidated if it is acquired and is held with the intention of selling or disposing of it within one year from its acquisition date (ie the date on which the acquirer obtains control of the acquiree). Such a subsidiary is accounted for in accordance with the requirements in Section 11 Basic Financial Instruments as for investments in paragraph 11.8(d), instead of in accordance with this section. The parent shall also provide the disclosure in paragraph 9.23A.	G9.3A	Subject to paragraph G9.3B, a controlled entity is not consolidated if it is acquired and is held with the intention of selling or disposing of it within one year from its acquisition date (ie the date on which the ~~acquirer obtains~~ is obtained of the acquiree). Such a controlled entity is accounted for in accordance with the requirements in Section 11 Basic Financial Instruments as for investments in paragraph 11.8(d), instead of in accordance with this section. The parent shall also provide the disclosure in paragraph G9.23A.
9.3B	If a subsidiary previously excluded from consolidation in accordance with paragraph 9.3A is not disposed of within one year from its acquisition date (ie the parent entity still has control over that subsidiary): (a) the parent shall consolidate the subsidiary from the acquisition date unless it meets the condition in paragraph 9.3B(b). Consequently, if the acquisition date was in a prior period, the relevant prior periods shall be restated. (b) if the delay is caused by events or circumstances beyond the parent's control and there is sufficient evidence at the reporting date that the parent remains committed to its plan to sell or dispose of the subsidiary, the parent shall continue to account for the subsidiary in accordance with paragraph 9.3A.	G9.3B	If a controlled entity previously excluded from consolidation in accordance with paragraph G9.3A is not disposed of within one year from its acquisition date (ie the parent NPO still has control over that controlled entity): (a) the parent shall consolidate the controlled entity from the acquisition date unless it meets the condition in paragraph G9.3B(b). Consequently, if the acquisition date was in a prior period, the relevant prior periods shall be restated. (b) if the delay is caused by events or circumstances beyond the parent's control and there is sufficient evidence at the reporting date that the parent remains committed to its plan to sell or dispose of the controlled entity, the parent shall continue to account for the controlled entity in accordance with paragraph 9.3A.

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9.3C	If a parent has no subsidiaries other than subsidiaries that are not required to be consolidated in accordance with paragraphs 9.3A–9.3B, it shall not present consolidated financial statements. However, the parent shall provide the disclosure in paragraph 9.23A.	G9.3C	If a parent has no controlled entities other than controlled entities that are not required to be consolidated in accordance with paragraphs G9.3A–G9.3B, it shall not present consolidated financial statements. However, the parent shall provide the disclosure in paragraph G9.23A.
9.4	A subsidiary is an entity that is controlled by the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. If an entity has created a special purpose entity (SPE) to accomplish a narrow and well-defined objective, the entity shall consolidate the SPE when the substance of the relationship indicates that the SPE is controlled by that entity (see paragraphs 9.10–9.12).	G9.4	A controlled is an entity that is controlled by the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. If an NPO has created a special purpose entity (SPE) to accomplish a narrow and well-defined objective, the NPO shall consolidate the SPE when the substance of the relationship indicates that the SPE is controlled by that NPO (see paragraphs G9.10–G9.12).
9.5	Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. That presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity but it has: (a) power over more than half of the voting rights by virtue of an agreement with other investors; (b) power to govern the financial and operating policies of the entity under a statute or an agreement; (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or (d) power to cast the majority of votes at meetings of the board of	G9.5	Control is presumed to exist when the parent owns, directly or indirectly through controlled entities , more than half of the voting power of an entity. That presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity but it has: (a) power over more than half of the voting rights by virtue of an agreement with other investors; (b) power to govern the financial and operating policies of the entity under a statute or an agreement; (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or

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	directors or equivalent governing body and control of the entity is by that board or body.		(d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body Membership or the voting rights at the board may not be as a result of ownership, but because of a governing body established to deliver an NPO's objects or purposes).
	No Equivalent	G9.5A	Control may also exist when NPOs have the power, earned from rights to direct the relevant activities of another entity, to deliver variable benefits to the public and service recipients. Control may also exist when an NPO has: (a) power to direct the policies of the governing body of another entity that give the NPO the ability to direct the relevant activities of another entity; (b) power to approve, significantly amend or veto service or capital budgets relating to the relevant activities of another entity; or (c) power to direct the transactions of another entity that relate to the relevant activities of another entity.
9.6	Control can also be achieved by having options or convertible instruments that are currently exercisable or by having an agent with the ability to direct the activities for the benefit of the controlling entity.	G9.6	Control can also be achieved by having options or convertible instruments that are currently exercisable or by having an agent with the ability to direct the activities for the benefit of the controlling NPO.
9.7	A subsidiary is not excluded from consolidation simply because the investor is a venture capital organisation or similar entity.	~~9.7~~	~~A subsidiary is not excluded from consolidation simply because the investor is a venture capital organisation or similar entity.~~
9.8	A subsidiary is not excluded from consolidation because its business activities are dissimilar to those of the other entities within the	G9.7	A controlled entity is not excluded from consolidation because its business activities are dissimilar to those of the other entities within the

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	consolidation. Relevant information is provided by consolidating such subsidiaries and disclosing additional information in the consolidated financial statements about the different business activities of subsidiaries.		consolidation. Relevant information ~~is~~ can be provided by consolidating such controlled entities and disclosing additional information in the consolidated financial statements about the different business activities of controlled entities.
		G9.8	Whilst a controlled entity is not excluded because of dissimilar business activities, a parent NPO shall have regard to faithful representation and to relevance. If, exceptionally consolidating a controlled entity would be detrimental to these characteristics, then an NPO should not consolidate those controlled entities.
		G9.9	Where an NPO does not consolidate a controlled entity it shall disclose; c. why consolidation would impact faithful representation or relevance; d. the relationship between the entities including the transfer of income and expenses between the entities e. the governance arrangements in place between the entities
9.9	A subsidiary is not excluded from consolidation because it operates in a jurisdiction that imposes restrictions on transferring cash or other assets out of the jurisdiction.	G9.10	A controlled entity is not excluded from consolidation because it operates in a jurisdiction that imposes restrictions on transferring cash or other assets out of the jurisdiction.
Special purpose entities (SPEs)			
9.10	An entity may be created to accomplish a narrow objective (for example, to effect a lease, undertake research and development activities or securitise financial assets). Such an SPE may take the form of a corporation, trust, partnership or unincorporated entity. Often, SPEs	G.11	An entity, including an NPO may be created to accomplish a narrow objective (for example, to effect a lease, undertake research and development activities or securitise financial assets). Such an SPE may take the form of a corporation, trust, partnership or

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	are created with legal arrangements that impose strict requirements over the operations of the SPE.		unincorporated entity. Often, SPEs are created with legal arrangements that impose strict requirements over the operations of the SPE.
9.11	An entity shall prepare consolidated financial statements that include the entity and any SPEs that are controlled by that entity. In addition to the circumstances described in paragraph 9.5, the following circumstances may indicate that an entity controls an SPE (this is not an exhaustive list): (a) the activities of the SPE are being conducted on behalf of the entity according to its specific business needs; (b) the entity has the ultimate decision-making powers over the activities of the SPE even if the day-to-day decisions have been delegated; (c) the entity has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE; or (d) the entity retains the majority of the residual or ownership risks related to the SPE or its assets.	G9.12	An NPO shall prepare consolidated financial statements that include the NPO and any SPEs that are controlled by that NPO. In addition to the circumstances described in paragraph G9.5, the following circumstances may indicate that an NPO controls an SPE (this is not an exhaustive list): (a) the activities of the SPE are being conducted on behalf of the NPO according to its specific business needs; (b) the NPO has the ultimate decision-making powers over the activities of the SPE even if the day-to-day decisions have been delegated; (c) the NPO has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE; or (d) the NPO retains the majority of the residual or ownership risks related to the SPE or its assets.
9.12	Paragraphs 9.10 and 9.11 do not apply to post-employment benefit plans or other long-term employee benefit plans to which Section 28 <i>Employee Benefits</i> applies.	G9.13	Paragraphs G9.11 and G9.12 do not apply to post-employment benefit plans or other long-term employee benefit plans to which Section 28 <i>Employee Benefits</i> applies.
Consolidation procedures			
9.13	The consolidated financial statements present financial information about the group as a single economic entity. In preparing consolidated financial statements, an entity shall: (a) combine the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses. (b) eliminate the carrying amount of the parent's investment in each	G9.14	The consolidated financial statements present financial information about the group as a single economic entity or other complete set of activities related to an NPO's purposes. In preparing consolidated financial statements, an NPO shall: (a) combine the financial statements of the parent and its controlled entities line by line by adding together like items of

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	subsidiary and the parent's portion of equity of each subsidiary. (c) measure and present non-controlling interest in the profit or loss of consolidated subsidiaries for the reporting period separately from the interest of the owners of the parent. (d) measure and present non-controlling interest in the net assets of consolidated subsidiaries separately from the parent shareholders' equity in them. Non-controlling interest in the net assets consists of: (i) the amount of the non-controlling interest at the date of the original combination calculated in accordance with Section 19 <i>Business Combinations and Goodwill</i>; and (ii) the non-controlling interest's share of changes in equity since the date of the combination.		assets, liabilities, contributed capital, income and expenses. (b) eliminate the carrying amount of the parent's beneficial interest in each controlled entity and the parent's portion of reserves or equity or contributed capital of each controlled entity. (c) measure and present non-controlling interest in the surplus or deficit of consolidated controlled entities for the reporting period separately from contributed capital of the parent. (d) measure and present non-controlling interest in the net assets of consolidated controlled entities separately from the parent's contributed capital or reserves in them. Non-controlling interest in the net assets consists of: (i) the amount of the non-controlling interest at the date of the original combination calculated in accordance with Section 19 <i>Business Combinations and Goodwill</i>; and (ii) the non-controlling interest's share of changes in contributed capital and reserves since the date of the combination.
9.14	The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the non-controlling interest are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.	G9.15	The proportions of surplus or deficit and changes in contributed capital or reserves ~~allocated to the owners~~ of the parent NPO and to the non-controlling interest are determined on the basis of existing ~~ownership~~ controlling interests and do not reflect the possible exercise or conversion of options or convertible instruments
Intragroup balances and transactions			
9.15	Intragroup balances and transactions, including income, expenses and dividends, are	G9.16	Intragroup balances and transactions, including income, expenses and dividends, are

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	eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment , are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements (see Section 27 <i>Impairment of Assets</i>). Section 29 <i>Income Tax</i> applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.		eliminated in full. Surpluses or deficits resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment , are eliminated in full. Intragroup deficits may indicate an impairment that requires recognition in the consolidated financial statements (see Section 27 <i>Impairment of Assets</i>). Section 29 <i>Income Tax</i> applies to temporary differences that arise from the elimination of surpluses or deficits resulting from intragroup transactions.
	Uniform reporting date		
9.16	The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall be prepared as of the same reporting date unless it is impracticable to do so. If it is impracticable to prepare the financial statements of a subsidiary as of the same reporting date as the parent, the parent shall consolidate the financial information of the subsidiary using the most recent financial statements of the subsidiary, adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.	G9.17	The financial statements of the parent and its controlled entities used in the preparation of the consolidated financial statements shall be prepared as of the same reporting date unless it is impracticable to do so. If it is impracticable to prepare the financial statements of a controlled entity as of the same reporting date as the parent, the parent shall consolidate the financial information of the controlled entity using the most recent financial statements of the controlled entity , adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.
	Uniform accounting policies		
9.17	Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events and conditions in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its	G9.18	Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events and conditions in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its

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	financial statements in preparing the consolidated financial statements.		financial statements in preparing the consolidated financial statements.
	Acquisition and disposal of subsidiaries		
9.18	The income and expenses of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the parent ceases to control the subsidiary. When a parent ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the consolidated statement of comprehensive income (or the income statement, if presented) as the gain or loss on the disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income in accordance with Section 30 Foreign Currency Translation is not reclassified to profit or loss on disposal of the subsidiary.	G9.19	The income and expenses of a controlled entity are included in the consolidated financial statements from the acquisition date until the date on which the parent ceases to control the entity . When a parent ceases to control an entity , the difference between the proceeds from the disposal of the controlled entity and its carrying amount at the date that control is lost is recognised in surplus or deficit in the consolidated Statement of income and expenses (~~or the income statement, if presented~~) as the gain or loss on the disposal of the controlled entity . The cumulative amount of any exchange differences that relate to a foreign controlled entity recognised in Statement of income and expenses in accordance with Section 30 <i>Foreign Currency Translation</i> is not reclassified to surplus or deficit on disposal of the subsidiary.
9.19	If an entity ceases to be a subsidiary but the investor (former parent) continues to hold an investment in the former subsidiary, that investment shall be accounted for as a financial asset in accordance with Section 11 or Section 12 <i>Other Financial Instrument Issues</i> from the date the entity ceases to be a subsidiary, provided that it does not become an associate (in which case Section 14 <i>Investments in Associates</i> applies) or a jointly controlled entity (in which case Section 15 <i>Investments in Joint Ventures</i> applies). The carrying amount of the investment at the date that the entity ceases to be a subsidiary shall be regarded as the cost on initial measurement of the financial asset.	G9.20	If an entity ceases to be a controlled entity but the investor NPO (former parent) continues to hold an investment or beneficial interest in the former controlled entity that investment or beneficial interest shall be accounted for as a financial asset in accordance with Section 11 or Section 12 <i>Other Financial Instrument Issues</i> from the date the entity ceases to be a controlled entity , provided that it does not become an associate (in which case Section 14 <i>Investments in Associates</i> applies) or a jointly controlled entity (in which case Section 15 <i>Investments in Joint Ventures</i> applies). The carrying amount of the controlled entity at the date that the entity ceases to be a controlled

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			entity shall be regarded as the cost on initial measurement of the financial asset
	Non-controlling interest in subsidiaries		
9.20	An entity shall present non-controlling interest in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent, as required by paragraph 4.2(q).	G9.21	An NPO shall present non-controlling interest in the consolidated statement of financial position within net assets , separately from the contributed capital of the parent, as required by paragraph G4.2(q) .
9.21	An entity shall disclose non-controlling interest in the profit or loss of the group separately in the statement of comprehensive income, as required by paragraph 5.6 (or in the income statement, if presented, as required by paragraph 5.7).	G9.22	An NPO shall disclose non-controlling interest in the surplus or deficit of the group separately in the statement of income and expenses , as required by paragraph G5.6 ~~(or in the income statement, if presented, as required by paragraph 5.7).~~
9.22	Profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interest. Total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.	G9.23	~~Profit or loss and each component of other comprehensive income~~ Surplus or deficit shall be attributed to ~~the owners of the parent~~ the funds of the NPO and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. ~~Total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.~~
Disclosures in consolidated financial statements			
9.23	The following disclosures shall be made in consolidated financial statements: (a) the fact that the statements are consolidated financial statements; (b) the basis for concluding that control exists when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power; (c) any difference in the reporting date of the financial statements	G9.24	The following disclosures shall be made in consolidated financial statements: (e) the fact that the statements are consolidated financial statements; (f) the basis for concluding that control exists when the parent does not own, directly or indirectly through controlled entities , more than half of the voting power; (g) any difference in the reporting date of the financial statements

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	of the parent and its subsidiaries used in the preparation of the consolidated financial statements; and (d) the nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.		of the parent and its controlled entities used in the preparation of the consolidated financial statements; and (h) the nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of controlled entities to transfer funds to the parent in the form of cash dividends or to repay loans.
9.23A	In addition to the disclosure requirements in Section 11, a parent entity shall disclose the carrying amount of investments in subsidiaries that are not consolidated (see paragraphs 9.3A–9.3C) at the reporting date, in total, either in the statement of financial position or in the notes.	G9.24A	In addition to the disclosure requirements in Section 11, a parent NPO shall disclose the carrying amount of its beneficial interest in controlled entities that are not consolidated (see paragraphs 9.3A–9.3C) at the reporting date, in total, either in the statement of financial position or in the notes .
Separate financial statements			
	Presentation of separate financial statements		
9.24	This Standard does not require presentation of separate financial statements for the parent entity or for the individual subsidiaries	G9.25	This Guidance does not require presentation of separate financial statements for the parent NPO or for the individual controlled entities .
9.25	Separate financial statements are a second set of financial statements presented by an entity in addition to any of the following: (a) consolidated financial statements prepared by a parent; (b) financial statements prepared by a parent exempted from preparing consolidated financial statements by paragraph 9.3C; or (c) financial statements prepared by an entity that is not a parent but is an investor in an associate or has a venturer's interest in a joint venture .	G9.26	Separate financial statements are a second set of financial statements presented by an NPO in addition to any of the following: (a) consolidated financial statements prepared by a parent; (b) financial statements prepared by a parent exempted from preparing consolidated financial statements by paragraph G9.3C; or (c) financial statements prepared by an NPO that is not a parent but is an investor in an associate or has a venturer's interest in a joint venture .
	Accounting policy election		

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9.26	When a parent, an investor in an associate or a venturer with an interest in a jointly controlled entity prepares separate financial statements and describes them as conforming to the IFRS for SMEs, those statements shall comply with all of the requirements of this Standard except as follows. The entity shall adopt a policy of accounting for its investments in subsidiaries, associates and jointly controlled entities in its separate financial statements either: (a) at cost less impairment; (b) at fair value with changes in fair value recognised in profit or loss; or (c) using the equity method following the procedures in paragraph 14.8. The entity shall apply the same accounting policy for all investments in a single class (subsidiaries, associates or jointly controlled entities), but it can elect different policies for different classes.	G9.27	When a parent, an investor in an associate or a venturer with an interest in a jointly controlled entity prepares separate financial statements and describes them as conforming to INPAG, those statements shall comply with all of the requirements of this Guidance except as follows. The NPO shall adopt a policy of accounting for its beneficial interests in controlled entities, associates and jointly controlled entities in its separate financial statements either: (a) at cost less impairment; (b) at fair value with changes in fair value recognised in surplus or deficit; or (c) using the equity method following the procedures in paragraph G14.8. The NPO shall apply the same accounting policy for all investments in a single class (controlled entities, associates or jointly controlled entities), but it can elect different policies for different classes.
	Disclosures in separate financial statements		
9.27	When a parent, an investor in an associate or a venturer with an interest in a jointly controlled entity prepares separate financial statements, those separate financial statements shall disclose: (a) that the statements are separate financial statements; and (b) a description of the methods used to account for the investments in subsidiaries, jointly controlled entities and associates, and shall identify the consolidated financial statements or other primary financial statements to which they relate.	G9.28	When a parent, an investor in an associate or a venturer with an interest in a jointly controlled entity prepares separate financial statements, those separate financial statements shall disclose: (a) that the statements are separate financial statements; and (b) a description of the methods used to account for the beneficial interest in the controlled entities, jointly controlled entities and associates, and shall identify the consolidated financial statements or other primary financial statements to which they relate.
Combined financial statements			

No	IFRS for SMEs Paragraph	No	INPAG Paragraph
9.28	Combined financial statements are a single set of financial statements of two or more entities under common control (as described in paragraph 19.2(a)). This Standard does not require combined financial statements to be prepared.	G9.29	Combined financial statements are a single set of financial statements of two or more entities under common control (as described in paragraph G19.2(a)). This Guidance does not require combined financial statements to be prepared.
9.29	If the investor prepares combined financial statements and describes them as conforming to the IFRS for SMEs, those statements shall comply with all of the requirements of this Standard. Intercompany transactions and balances shall be eliminated; profits or losses resulting from intercompany transactions that are recognised in assets such as inventory and property, plant and equipment shall be eliminated; the financial statements of the entities included in the combined financial statements shall be prepared as of the same reporting date unless it is impracticable to do so; and uniform accounting policies shall be followed for like transactions and other events in similar circumstances.	G9.30	If the investor prepares combined financial statements and describes them as conforming to INPAG , those statements shall comply with all of the requirements of this Guidance . Inter entity transactions and balances shall be eliminated; profits or losses or surpluses or losses resulting from inter entity transactions that are recognised in assets such as inventory and property, plant and equipment shall be eliminated; the financial statements of the entities included in the combined financial statements shall be prepared as of the same reporting date unless it is practicable to do so; and uniform accounting policies shall be followed for like transactions and other events in similar circumstances
Disclosures in combined financial statements			
9.30	The combined financial statements shall disclose the following: a. the fact that the financial statements are combined financial statements; b. the reason why combined financial statements are prepared; c. the basis for determining which entities are included in the combined financial statements; d. the basis of preparation of the combined financial statements; and e. the related party disclosures required by Section 33 Related Party Disclosures.	G9.31	The combined financial statements shall disclose the following: a. the fact that the financial statements are combined financial statements; b. the reason why combined financial statements are prepared; c. the basis for determining which entities are included in the combined financial statements; d. the basis of preparation of the combined financial statements; and e. the related party disclosures required by Section 33 Related Party Disclosures.