

## Chapter 1: General Provisions

Article 1 This Standard is formulated in accordance with the *Accounting Standards for Business Enterprises — Basic Standards* to prescribe the disclosure of interests in other entities.

Article 2 Information disclosed by an enterprise about its interests in other entities shall enable users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on the enterprise's financial position, financial performance and cash flows.

Article 3 The interests in other entities referred to in this Standard are interests that enable the enterprise, through contractual arrangements or other forms of involvement, to participate in the relevant activities of another entity and thereby receive variable returns. Forms of participation include holding equity or debt instruments of another entity, or providing funding, liquidity support, credit enhancement, guarantees, etc., to another entity. Through these forms of participation, an enterprise exercises control, joint control, or significant influence over another entity. Other entities include subsidiaries, joint arrangements (including joint operations and joint ventures), associates, and structured entities that are not consolidated.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls it.

Article 4 This Standard applies to the disclosure of an enterprise's interests in subsidiaries, joint arrangements, associates, and structured entities that are not consolidated.

When an enterprise presents both consolidated financial statements and separate financial statements of the parent company, it shall disclose the information required by this Standard in the notes to the consolidated financial statements. It is not required to disclose the related information in the notes to the separate financial statements of the parent company.

Article 5 Disclosure of the following items is governed by other relevant accounting standards:

- (1) Post-employment benefit plans or other long-term employee benefit plans, which are governed by *ASBE 9 — Employee Compensation*.
- (2) Interests in joint arrangements in which the enterprise participates but does not have joint control, which are governed by *ASBE 37 — Presentation of Financial Instruments*. However, this Standard applies if the enterprise has significant influence over that joint arrangement or if the joint arrangement is a structured entity.
- (3) Interests in other entities governed by *ASBE 22 — Recognition and Measurement of Financial Instruments*, which are governed by *ASBE 37 — Presentation of Financial Instruments*. However, this Standard applies to interests in unconsolidated structured entities, and to interests in associates or joint ventures that are measured at fair value through profit or loss in accordance with other relevant accounting standards.

## Chapter 2: Disclosure of Significant Judgements and Assumptions

Article 6 An enterprise shall disclose the significant judgements and assumptions it has made in determining whether it controls, jointly controls, or significantly influences another entity, and any changes in those judgements and assumptions, including, but not limited to, the following:

- (1) The judgements and assumptions made in determining that the enterprise controls another entity when it holds half or less of the voting rights in that entity, or that it does not control another entity when it holds more than half of the voting rights in that entity.
- (2) The judgements and assumptions made in determining that the enterprise has significant influence over another entity when it holds less than 20% of the voting rights in that entity, or that it does not have significant influence over another entity when it holds 20% or more of the voting rights in that entity.
- (3) The judgements and assumptions made in determining whether a joint arrangement achieved through a separate

vehicle is a joint operation or a joint venture.

(4) The judgements and assumptions made in determining whether the enterprise is an agent or a principal.

Article 7 An enterprise shall disclose the significant judgements and assumptions made in determining that it is an investment entity pursuant to *ASBE 33 — Consolidated Financial Statements*, and the reasons for being considered an investment entity even if it does not meet one or more of the characteristics of an investment entity under ASBE 33.

If an enterprise (parent company company) changes status from a non-investment entity to an investment entity, it shall disclose that change and the reason for it, and shall disclose the effect of the change on the financial statements, including the fair value of the investment in subsidiaries that are no longer consolidated as of the date of the change, the gain or loss arising from remeasurement at fair value, and the corresponding line items in the financial statements.

If an enterprise (parent company company) changes status from an investment entity to a non-investment entity, it shall disclose that change and the reason for it.

### Chapter 3: Disclosure of Interests in Subsidiaries

Article 8 An enterprise shall disclose the composition of the group in the notes to the consolidated financial statements, including the name, principal place of business (and place of incorporation if different), nature of business, and ownership interest (or similar equity interest, the same below) held by the enterprise in each subsidiary. If the interests held by non-controlling interests are significant to the group, the enterprise shall also disclose the following information in the notes to the consolidated financial statements:

- (1) The ownership interest held by non-controlling interests in each subsidiary. If the ownership interest held by non-controlling interests differs from their voting rights held, the enterprise shall also disclose their voting rights held.
- (2) The profit or loss allocated to non-controlling interests during the period, and the dividends paid to non-controlling interests.
- (3) The accumulated balance of non-controlling interests at the end of the current period for each subsidiary.
- (4) The principal financial information of the subsidiary.

Article 9 If there are significant restrictions on the ability of the group to use group assets or settle group liabilities, the enterprise shall disclose the following information in the notes to the consolidated financial statements:

- (1) The nature of the restrictions, including restrictions on the ability of the parent company or its subsidiaries to transfer cash or other assets to other entities within the group, and restrictions on the ability to pay dividends or make other distributions, make loans or advances, or be repaid loans or advances between entities within the group.
- (2) The nature and extent of significant restrictions resulting from protective rights of non-controlling interests in a subsidiary that significantly affect the group's ability to use group assets or settle group liabilities.
- (3) The carrying amounts in the consolidated financial statements of the assets and liabilities to which the restrictions apply.

Article 10 If an enterprise has an interest in a consolidated structured entity, it shall disclose the following information in the notes to the consolidated financial statements:

- (1) If there is a contractual arrangement to provide financial support to the structured entity, the enterprise shall disclose the terms of that contract, including events or circumstances that could oblige the enterprise to provide support and incur losses.
- (2) In the absence of a contractual obligation, if the enterprise or its subsidiaries provided financial or other support to the structured entity during the period, the enterprise shall disclose the type and amount of support provided and the reasons for providing it, including situations where it helped the structured entity obtain financial support. If such support resulted in the enterprise obtaining control of a structured entity that was previously not consolidated, the enterprise shall also disclose the factors considered in deciding to provide the support.

(3) If the enterprise intends to provide financial or other support to the structured entity, it shall disclose that intention, including its intention to help the structured entity obtain financial support.

Article 11 If an enterprise's ownership interest in a subsidiary changes without resulting in a loss of control, it shall disclose the effects of that change on equity in the notes to the consolidated financial statements.

If an enterprise loses control of a subsidiary, it shall disclose the following information calculated in accordance with *ASBE 33 — Consolidated Financial Statements* in the notes to the consolidated financial statements:

(1) The gain or loss recognized as a result of losing control, and the line item(s) in the statement of comprehensive income in which that gain or loss is recognized.

(2) The gain or loss arising from the remeasurement to fair value of any retained investment at the date when control is lost.

Article 12 If an enterprise is an investment entity and has an unconsolidated subsidiary for which it measures its investment at fair value through profit or loss, it shall state that fact in the notes to the financial statements. Furthermore, for unconsolidated subsidiaries, the enterprise shall disclose the following information:

(1) The name, principal place of business (and place of incorporation if different) of the subsidiary.

(2) The ownership interest held by the enterprise in the subsidiary. If the ownership interest differs from the voting rights held, the enterprise shall also disclose the voting rights held.

If a subsidiary of the enterprise is itself an investment entity and has unconsolidated subsidiaries, the enterprise shall disclose the related information about those downstream subsidiaries following the requirements above.

Article 13 If an enterprise is an investment entity, it shall disclose the nature of, and changes in, the risks associated with its interests in unconsolidated subsidiaries:

(1) If there are significant restrictions on the ability of an unconsolidated subsidiary to transfer funds to the enterprise in the form of cash dividends, repayment of loans or advances, etc., the enterprise shall disclose the nature and extent of those restrictions.

(2) If the enterprise has made commitments or intentions to provide financial or other support to an unconsolidated subsidiary, it shall disclose those commitments or intentions, including commitments or intentions to help the subsidiary obtain financial support.

In the absence of a contractual obligation, if the enterprise or its subsidiaries provided financial or other support to an unconsolidated subsidiary during the period, the enterprise shall disclose the type and amount of support provided and the reasons for providing it.

(3) If there is a contractual arrangement for the enterprise or its unconsolidated subsidiaries to provide financial support to an unconsolidated structured entity that is controlled by the enterprise, the enterprise shall disclose the terms of the contract, including events or circumstances that could oblige the enterprise to provide support and incur losses.

In the absence of a contractual obligation, if the enterprise or its unconsolidated subsidiaries provided financial or other support during the period to a structured entity that was previously not controlled and not consolidated, and that support resulted in the enterprise obtaining control of the structured entity, the enterprise shall disclose the factors considered in deciding to provide the support.

#### Chapter 4: Disclosure of Interests in Joint Arrangements and Associates

Article 14 For joint arrangements and associates that are material, an enterprise shall disclose the following information:

(1) The name, principal place of business (and place of incorporation if different) of the joint arrangement or associate.

(2) The nature of the enterprise's relationship with the joint arrangement or associate, including the nature of the activities of the joint arrangement or associate, and whether the joint arrangement or associate is strategic to the

enterprise's activities, etc.

(3) The ownership interest held by the enterprise. If the ownership interest differs from the voting rights held, the enterprise shall also disclose the voting rights held.

Article 15 For material joint ventures and associates, in addition to the information required by Article 14, an enterprise shall disclose the accounting policy for its investments in joint ventures and associates, dividends received from the joint venture or associate, and the principal financial information of the joint venture or associate (based on its own financial statements).

If the enterprise accounts for its investment in the joint venture or associate using the equity method, the principal financial information shall be the amounts after adjustments made by the enterprise under the equity method; simultaneously, the enterprise shall disclose a reconciliation between the principal financial information (adjusted under the equity method) and the carrying amount of its investment in the joint venture or associate.

If the enterprise accounts for its investment in the joint venture or associate using the equity method and that investment has a quoted market price, the enterprise shall also disclose its fair value.

Article 16 For interests in individual joint ventures or associates that are not material, the enterprise shall disclose the following information in aggregate for joint ventures and separately for associates:

(1) The aggregate carrying amount of its investments in joint ventures or associates accounted for using the equity method.

(2) The enterprise's share of the profit or loss of, and other comprehensive income, comprehensive income, etc., of the joint ventures or associates.

Article 17 If there are significant restrictions on the ability of a joint venture or associate to transfer funds to the enterprise in the form of cash dividends, repayment of loans or advances, etc., the enterprise shall disclose the nature and extent of the restrictions.

Article 18 If an enterprise uses the equity method for its investment in a joint venture or associate, and ceases to recognize its share of losses of the joint venture or associate, it shall disclose its unrecognized share of the losses of the joint venture or associate, both for the period and cumulatively.

Article 19 An enterprise shall separately disclose its unrecognized commitments in respect of its joint ventures, and its contingent liabilities in respect of its interests in joint ventures and associates.

Article 20 If an enterprise is an investment entity, it is not required to disclose the information required by Articles 15 and 16.

## Chapter 5: Disclosure of Interests in Unconsolidated Structured Entities

Article 21 For unconsolidated structured entities, an enterprise shall disclose the following information:

(1) The nature, purpose, size, activities, and method of financing of the unconsolidated structured entity.

(2) The carrying amounts and the line items in the balance sheet of the assets and liabilities recognized in its financial statements that relate to its interests in unconsolidated structured entities.

(3) The maximum exposure to loss from its interests in unconsolidated structured entities and how that maximum exposure is determined. If the enterprise cannot quantify the maximum exposure to loss, it shall disclose that fact and the reason.

(4) A comparison of the carrying amounts of the assets and liabilities recognized in the financial statements that relate to the enterprise's interests in unconsolidated structured entities and the enterprise's maximum exposure to loss from those interests.

If an enterprise sponsored an unconsolidated structured entity but had no interest in it at the reporting date, the enterprise is not required to disclose the information required by items (2) to (4) above, but shall disclose the basis for concluding that it is the sponsor of the structured entity, and shall disclose, by category, the benefits it received from the structured entity during the period, the types of those benefits, and the carrying amounts of all assets

transferred to the structured entity at the date of transfer.

Article 22 An enterprise shall disclose its intentions to provide financial or other support to an unconsolidated structured entity, including intentions to help the structured entity obtain financial support. In the absence of a contractual obligation, if the enterprise provided financial or other support during the period to a structured entity (including a structured entity in which the enterprise held an interest in a prior period or holds an interest in the current period), it shall also disclose the type and amount of support provided and the reasons for providing it, including situations where it helped the structured entity obtain financial support.

Article 23 If an enterprise is an investment entity, for structured entities that it controls but does not consolidate, it shall make the disclosures required by Articles 12 and 13 of this Standard and is not required to make the disclosures required by this Chapter.

#### Chapter 6: Transitional Provisions

Article 24 If information disclosed in an enterprise's comparative financial statements for periods before the date of initial application of this Standard is inconsistent with the requirements of this Standard, the enterprise shall adjust that information to comply with this Standard, except for the disclosure requirements related to unconsolidated structured entities.

#### Chapter 7: Supplementary Provisions

Article 25 This Standard shall become effective as of July 1, 2014.

Release Date: December 8, 2015