

# IND AS 27

J P Chawla & Co. LLP

Chartered Accountants

Taxation | Audit | Outsourcing | Regulatory | Transaction Advisory | Consultancy Services



The Ind AS are converged IFRS standards, which have been introduced to standardize the way Indian companies report their financial information to various stake holders.

Reliable, consistent and uniform financial reporting is important part of good corporate governance practices worldwide in order to enhance the credibility of the businesses in the eyes of investors to take informed investment decisions. In pursuance of G-20 commitment given by India, the process of convergence of Indian Accounting Standards with IFRS has been carried out in Ministry of Corporate Affairs through wide ranging consultative exercise with all the stakeholders. Thirty-nine Indian Accounting Standards converged with International Financial Reporting Standards are (henceforth called IND AS) are currently notified by the Ministry. These are: IND ASs 1, 2, 7, 8, 10, 12, 16, 19, 20, 21, 23, 24, 27, 28, 29, 32, 33, 34, 36, 37, 38, 40,41, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110,111,112,113,114,115, 116.

Companies follow Ind AS either Voluntarily or Mandatorily. Once a company follows Indian AS, either mandatorily or voluntarily, it cannot revert to old method of Accounting.The Mandatory Applicability from Accounting Period beginning on or after 1 April 2017 is for :

- Every Listed Company or company in process of being listed.
- Unlisted Companies with Net worth greater than or equal to Rs. 250 crore (2.5 billion)

The Ministry of Corporate Affairs has implemented the IFRS converged Indian Accounting Standards in a phased manner after various issues including tax related issues have been resolved with the concerned departments.

We have prepared a simple analysis for below mentioned Ind AS for your ready reference which can act as ready-reckoner for your day to day use.

**Hope you enjoy reading our Analysis.**

**Happy reading!!**

**Team J P Chawla & Co. LLP**

**Rajat Chawla**

He is a Fellow member of the Institute of Chartered Accountants of India. He is also a C.P.A; Certified Public Accountant from The American Institute of Certified Public Accountants, United States of America. He is also a commerce honours graduate from Delhi University, Delhi, India. He is also a Certified Information System Auditor (C.I.S.A) and a member of Information system Audit and Control Association, United States of America.

His area of expertise includes Audit and Assurance, International Taxation ,Transfer Pricing, International business advisory, Valuations, FEMA/ RBI advisory, Goods & Service tax (GST), Merger and Acquisitions, Management consultancy, Due Diligence, Information system audit and development, reporting under US GAAP and IFRS, Accounting process improvement, Business process outsourcing, Knowledge process outsourcing and Business process off shoring.

He has been a regular speaker at various forums on various topics related to Tax, finance and commerce. He has also contributed in various tax publications as author / co-author. He has also co-authored two books on transfer pricing, published by Lexis – Nexis and Taxmann respectively.

**Mohit Dixit**

He is a member of the Institute of Chartered Accountants of India and he is also a commerce honours graduate from Delhi University.

He is having 5 + years of experience in the area of statutory audits, internal audits, assurance & Transaction Advisory related engagements in industries such as manufacturing, retail, infrastructure, information technology, e-commerce, banking, telecommunication, health and aviation sectors.

His area of expertise includes Indian GAAP and IND AS Advisory, Management accounting, outsourcing, audit & assurance, financial reporting and valuation.

## Ind AS-27 Separate Financial Statements

### Why Ind AS 27?

When an entity is preparing its 'Separate Financial Statement' voluntarily required by law, then Ind AS 27 prescribes the Accounting and Disclosure requirements for investments in subsidiaries, joint ventures and associates.

### Some Important Definitions

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| <b>Consolidated financial statements</b> | Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.                 |
| <b>Separate financial statements</b>     | Separate financial statements are those presented by a parent or an investor with joint control of or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with Ind AS 109, Financial Instruments. |

### Preparation of separate financial statements

1. Separate financial statements shall be prepared in accordance with all applicable Ind AS, except it shall account for investments in subsidiaries, joint ventures and associates either:
  - At cost, or
  - In accordance with Ind AS 109.
2. The entity shall apply the same accounting for each category of investments.
3. Investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.
4. The measurement of investments accounted for in accordance with Ind AS 109 is not changed in such circumstances.
5. An entity shall recognise a dividend from a subsidiary, a joint venture or an associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

### Disclosures

1. An entity shall apply all applicable Ind ASs when providing disclosures in its separate financial statements, including the following requirements in Sr. No. 2 & 3.
2. When a parent, in accordance with paragraph 4(a) of Ind AS 110, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:

- a. the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used; the name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements that comply with Ind ASs have been produced for public use; and the address where those consolidated financial statements are obtainable.
  - b. list of significant investments in subsidiaries, joint ventures and associates, including:
    - the name of those investees
    - The principal place of business (and country of incorporation, if different) of those investees.
    - Its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.
  - c. description of the method used to account for the investments listed under (b).
3. When an investment entity that is a parent prepares, in accordance with paragraph 31 of Ind AS 110, separate financial statements as its only financial statements, it shall disclose that fact. The investment entity shall also present the disclosures relating to investment entities required by Ind AS 112, Disclosure of Interests in Other Entities.
4. When a parent (other than a parent covered by Sr. No. 2 & 3 above) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, the parent or investor shall identify the financial statements prepared in accordance with Ind AS 110, Ind AS 111 or Ind AS 28 to which they relate. The parent or investor shall also disclose in its separate financial statements:
- a) the fact that the statements are separate financial statements
  - b) a list of significant investments in subsidiaries, joint ventures and associates, including:
    - i. The name of those investees.
    - ii. The principal place of business (and country of incorporation, if different) of those investees.
    - iii. Its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.
  - c) A description of the method used to account for the investments listed under (b).

**Dear Valuable Client / Colleague,**

In case you require any further detailed analysis on above mentioned content, please do get back to us and we shall be happy to provide you the same.

**With Best Regards,**

**Team JPC**

## **About JPC**

JPC is a professional services firm based in Noida- National Capital Region and New Delhi, India. We were established in the year 1974 with the aim to create value for our clients by delivering quality, comprehensive, timely, practical and innovative services. We offer a comprehensive range of services, including taxation services, regulatory services, transaction advisory services, financial & management consultancy services, assurance & risk services, and outsourcing services. Over the past several decades, we have established significant competitive presence in the country. Our vast and diversified client base includes Multinational enterprises, domestic companies, high net worth individuals, government companies and institutions in all leading industry verticals. We are a team of distinguished Chartered Accountants, Management Accountants, Corporate Financial Advisors and Tax Consultants. Our team has the requisite skills and experience to provide complex business, financial, assurance, tax and regulatory services to our clients. Our strength lies in our timely performance-based, industry-tailored and technology-enabled services which are delivered by some of the most talented professionals in the country. For more information about JPC's service offerings, visit [www.jpc.co.in](http://www.jpc.co.in)

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# J P Chawla & Co. LLP

Chartered Accountants

## **New Delhi office:**

43 Darya Ganj,  
New Delhi - 110002  
INDIA

## **Noida office:**

C-129, Sector 2,  
Noida - 201 301 (U.P.), INDIA  
Phone: +91-120-4573207, 4573208  
General Email: info@jpc.co.in

## ***Main Partners Hand Phone & Email***

Rajat Chawla

+91-9871494499 | rajatchawla@jpc.co.in

J.P. Chawla

+91-9811028918 | jpchawla@jpc.co.in

Richa Chawla

+91-9990509709 | richajuneja@jpc.co.in

*For further information, please email your details to [rajatchawla@jpc.co.in](mailto:rajatchawla@jpc.co.in) or call +91-9871494499.*

