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& PARTNERS

Building #12, Street 348, Phum 4, Sangkat Toul Svay Prey Ti Mouy, Khan Boeng Keng Kang, Phnom Penh
+855 (0) 23 926 999 · hello@fourmiandpartners.com

INSIGHTS

ACCOUNTING & TECHNOLOGY

IAS 27 separate financial statements in Cambodia

How a Cambodian holding company accounts for investments in subsidiaries, associates and joint ventures in its separate financial statements under IAS 27: cost, IFRS 9 or the equity method.



By Liv Bonito
Co-founder & Managing Director · FCCA, CPA (KICPAA)

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HOW DOES A CAMBODIAN PARENT ACCOUNT FOR ITS INVESTMENTS IN SEPARATE FINANCIAL STATEMENTS UNDER IAS 27?

IAS 27 Separate Financial Statements applies when a parent, an investor with joint control or significant influence prepares separate financial statements. In those statements, the investment in a subsidiary, associate or joint venture is accounted for at cost, in accordance with IFRS 9, or using the equity method as described in IAS 28; the same accounting is applied to each category. The parent still prepares consolidated financial statements under IFRS 10 unless an exemption applies. CIFRS for SMEs Section 9 covers separate financial statements with a similar choice.

IN SHORT

- Separate financial statements are the parent's own statements, in which investments in subsidiaries, associates and joint ventures are presented.
- IAS 27 permits cost, IFRS 9 or the equity method, applied consistently to each category of investment.
- The parent still prepares consolidated financial statements under IFRS 10 unless a specific exemption applies.
- Dividends from a subsidiary are recognised when the right to receive them arises; the investment is tested for impairment.
- In Cambodia, the holding company's separate accounts and the group's consolidated accounts are different deliverables for ACAR, lenders and investors.

When IAS 27 applies

IAS 27 applies to a parent that prepares separate financial statements, and to an investor that has joint control of, or significant influence over, an investee and prepares separate financial statements. Separate financial statements are those presented by a parent, an investor in an associate or a joint venturer in which the investments are accounted for on the basis of the direct equity interest, rather than on the basis of the reported results and net assets of the investees.

A parent that is required to prepare consolidated financial statements under IFRS 10 still prepares them; the separate financial statements are additional. An exemption from consolidation may apply in limited circumstances, such as a parent that is itself a subsidiary and whose ultimate parent prepares consolidated statements under IFRS, but the exemption should be checked carefully.

The separate financial statements are not a substitute for the consolidated statements. They show the parent's own assets, liabilities, income and expenses, including the carrying amount of its investments, not the group's consolidated position.

Cost, IFRS 9 or the equity method

In separate financial statements, IAS 27 requires investments in subsidiaries, associates and joint ventures to be accounted for either at cost, in accordance with IFRS 9, or using the equity method as described in IAS 28. The entity applies the same accounting to each category of investment. A parent cannot use cost for one subsidiary and the equity method for another within the same category.

At cost, the investment is initially recognised at its transaction cost and subsequently measured at cost less any accumulated impairment. Dividends are recognised as income when the right to receive them arises. At fair value under IFRS 9, the investment is measured at fair value with changes in profit or loss or OCI depending on the classification. Under the equity method, the investment is initially recognised at cost and adjusted for the investor's share of the investee's profit or loss, OCI and other equity movements.

The choice is an accounting policy applied consistently. It affects the parent's profit, the carrying amount of the investment and the distributable reserves. A change in policy is subject to IAS 8.

SEPARATE FINANCIAL STATEMENTS: THE THREE OPTIONS

Option	Subsequent measurement	Profit or loss
Cost	Cost less impairment	Dividends when the right arises
IFRS 9	Fair value or amortised cost depending on classification	Fair value changes, interest, dividends
Equity method	Cost plus share of post-acquisition results and OCI	Share of profit or loss; dividends reduce the investment

Dividends, impairment and disposal

A dividend from a subsidiary, associate or joint venture is recognised in the parent's separate financial statements when the parent's right to receive it is established. Under the cost method, the dividend is income; under the equity method, it reduces the carrying amount of the investment. A dividend that is a return of capital may need a different analysis.

The investment is tested for impairment under IAS 36 when there is an indication. A loss of value in the subsidiary, a dividend in excess of the subsidiary's post-acquisition profits or a planned disposal can be an indicator. The recoverable amount of the investment is compared with its carrying amount.

On disposal, the parent derecognises the investment and recognises the gain or loss in profit or loss. Under the equity method, the cumulative share of OCI may need to be reclassified in the same way as the investee's disposal would require.

CIFRS for SMEs Section 9

CIFRS for SMEs Section 9 Consolidated and Separate Financial Statements covers separate financial statements. It permits investments in subsidiaries, associates and joint ventures to be accounted for at cost, at fair value, or using the equity method, depending on the edition and the entity's policy.

The National Accounting Council's adoption determines the edition in Cambodia.
Confirm the edition with the auditor before relying on a paragraph number, and apply the policy consistently.

Cambodian practice

A Cambodian holding company often prepares separate financial statements for the ACAR filing and consolidated financial statements for the group, a lender or an investor. The two sets should reconcile: the parent's investment in each subsidiary, the subsidiary's equity and the consolidation adjustments should tell the same story.

The separate financial statements may show a large investment balance and dividend income, while the consolidated statements show the group's trading results. A bank covenant based on the parent's separate statements may use different definitions from the consolidated accounts; the covenant calculation should be reconciled.

The tax treatment is separate. Dividend income, capital gains on disposal and the deductibility of the investment cost are determined by the tax law, not by the IAS 27 policy. The parent should confirm the tax position with the GDT.

- The accounting policy for each category of investment.
- The investment register and the subsidiaries' equity.
- Dividend resolutions and the right to receive.
- Impairment indicators and the recoverable amount.
- The reconciliation to the consolidated statements and the tax returns.

Key facts

How this article is checked

Figures were verified against the sources listed below in November 2026 and are re-checked each January or when the rule changes. Written by Liv Bonito, Co-founder & Managing Director. General information, not advice on your situation: for that, talk to a partner.

QUESTIONS

Questions people ask

Does IAS 27 replace consolidation?

No. A parent that is required to prepare consolidated financial statements under IFRS 10 still prepares them. IAS 27 applies to the separate financial statements, which are an additional set.

Can a parent use cost for one subsidiary and the equity method for another?

No. IAS 27 requires the same accounting for each category of investment. The parent chooses cost, IFRS

9 or the equity method and applies it consistently to all subsidiaries, all associates and all joint ventures.

How are dividends from a subsidiary recognised?

When the parent's right to receive the dividend is established. Under the cost method, the dividend is income; under the equity method, it reduces the carrying amount of the investment. A return of capital may need a different analysis.

Is the separate financial statements' profit the group profit?

No. The separate statements show the parent's own results, including dividend income and the carrying amount of the investments. The group profit is in the consolidated statements.

SOURCES

Where the rules come from

01 IAS 27 Separate Financial Statements (https://www.ifrs.org/issued-standards/list-of-standards/ias-27-separate-financial-statements/) — IFRS Foundation

02 IFRS for SMEs Accounting Standard, Section 9 Consolidated and Separate Financial Statements (https://www.ifrs.org/issued-standards/ifrs-for-smes/) — IFRS Foundation

03 IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures — IFRS Foundation

04 IFRS 9 Financial Instruments (https://www.ifrs.org/issued-standards/list-of-standards/ifrs-9-financial-instruments/) — IFRS Foundation