

ASSOCIATES

TYPE OF ACCOUNTING

1. Associates are accounted for using the **equity method** in the **consolidated AFS**.
2. The **three accounts** are:
 - Investment in associate
 - Share of Profit
 - Share of OCI

LOSS LIMITATION

An investment cannot go under ZERO, therefore once a loss > the investment the equity accounting halts until profit > accumulated loss.

INVESTMENT IN ASSOCIATE

The accounts includes:

- Cost of Investment
- Share of Profit / loss
- Share of OCI
- Reduced by Dividends received / gain on intergroup sales to associate

SHARE OF PROFIT

The account includes:

- Share of profit for the year
- Adjustments to the share of profit due to intragroup transactions

SHARE OF OCI

The account includes:

- Share of OCI for the year
- Adjustments to the share of OCI due to intragroup transactions.

WHAT

- An entity who has significant influence over another entity.
- Presumed if the entity holds 20% or more in the investee entity.

OTHER INDICATORS OF **SIGNIFICANT INFLUENCE**:

- Representation on the board
- Participation in policy-making process
- Material Transactions

- Material transactions with the investee
- interchangeable managerial personnel
- Provision of essential technical information