



## **Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)**

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### **GUIDANCE STATEMENT ON FAS 23: CONSOLIDATION**

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is pleased to announce that existing Financial Accounting Standard No. 23 Consolidation is being revised.

Provisions of existing Standard state that the power to control rests with the voting rights over the entity and a parent should consolidate entities in which it, directly or indirectly through other entities, owns more than 50% of the voting rights. Meanwhile, the provisions of revised Standard do not strictly follow the legal form of control but stipulate a comprehensive criterion for identification of control over subsidiaries.

On account of issuance of revised FAS 23: Consolidation in imminent future, implementation of the existing Standard on Consolidation is therefore held in abeyance until further notice. Exposure draft of the revised Standard will be circulated to the international Islamic finance industry for comments and submitted to a public hearing scheduled for January 2009.