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Project	<b>Annual Improvements Project - 2008-2010 cycle</b>
Topic	<b>IAS 28 <i>Investments in Associates</i> – Partial use of fair value for measurement of associates</b>

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## Purpose of this paper

1. The purpose of this paper is to provide an update to the IFRIC of the 19 February 2010 IASB Board deliberations of Exposure Draft ED 9 *Joint Arrangements* (ED 9) relating to an issue discussed by the IFRIC in the January 2010 IFRIC meeting.

## Background information

2. At its January 2010 meeting, the IFRIC discussed a matter concerning the partial use of fair value for measuring associates. The issue had been included in the August 2009 *Improvements to IFRSs* exposure draft. The IFRIC was presented with the comment letter analysis for that issue in agenda paper 11<sup>1</sup> “**IAS 28 *Investments in Associates* – Partial use of fair value for measurement of associates**”.
3. The IFRIC recommended that the Board finalise the issue addressed in that agenda paper.
4. The Board tentatively confirmed that decision at the Board meeting on 10 February 2010.

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<sup>1</sup> <http://www.iasb.org/NR/rdonlyres/CEC731D3-7466-4E77-9B1D-05D8188B0BAF/0/1001ap11obsAIPIAS28Partialuseoffairvalue.pdf>

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC. The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in *IFRIC Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

## Developments at 19 February 2010 Board meeting

5. At its 19 February 2010 meeting, the Board discussed the scope of the forthcoming *Joint Arrangements* IFRS, in the context of the scope exception in IAS 28.1 for venture capital organisations and mutual funds, unit trusts and similar entities including investment-linked insurance funds. The matters discussed were set out in Agenda Paper 17A<sup>2</sup> for that meeting.
6. At that meeting, the Board tentatively decided to reframe the scope exception to a measurement exception in the *Joint Arrangements* IFRS, with the intention of achieving the same accounting result as that intended by the proposed amendment to IAS 28 discussed by the IFRIC in January 2010. The Board also tentatively decided that the reframed exception should apply to associates and applicable changes be made to IAS 28.
7. Accordingly, the Board decided to withdraw, without finalisation, the original amendment to IAS 28 that the IFRIC had discussed in January 2010 and which the Board had tentatively confirmed on 10 February 2010.
8. The tentative decisions made by the Board were reported in the IASB daily staff Update summary as follows:

### *Scope*

The Board tentatively decided to modify the scope paragraph of ED 9 to state that the IFRS should be applied by all entities in accounting for interests in joint arrangements. The requirement for venture capital organisations or mutual funds, unit trusts and similar entities including investment-linked insurance funds that upon initial recognition are designated as at fair value through profit or loss to measure their investment at fair value in accordance with IFRS 9 or IAS 39 will be placed in the measurement section of the new IFRS. In addition, the Board tentatively agreed to amend the scope paragraph in IAS 28 Investments in Associates as a consequential amendment in the IFRS to align IAS 28 with the decisions described above.

9. This paper is being presented for the information of the IFRIC. No action is requested from the IFRIC in respect of this matter.

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<sup>2</sup> <http://www.iasb.org/NR/rdonlyres/3429B6EB-97E0-4C9B-86C3-7E28FD53E83F/0/JV0210b17Aobs.pdf>