

## STAFF PAPER

June 2012

## IASB Meeting

<b>Project</b>	<b>IAS 28 Investments in Associates and Joint Ventures</b>		
<b>Paper topic</b>	Cover note		
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1. In March 2011, the IFRS Interpretations Committee (the Committee) received a request to:
  - (a) correct an inconsistency between the requirements of paragraphs 3 and 10 of IAS 28 *Investments in Associates* (revised 2011)<sup>1</sup> and IAS 1 *Presentation of Financial Statements* (revised 2007) regarding the description and application of the equity method; and
  - (b) clarify the accounting for the investor's share of the other changes in the investee's net assets that are not the investor's share of the investee's profit or loss or other comprehensive income, or that are not distributions received.
2. In summary, the issues addressed in these papers are about how to apply the equity method of accounting to an investor's share of changes in net assets of the associate/joint venture when those changes in net assets are changes in the associate's/joint venture's equity that do not arise from profit or loss, other comprehensive income or distributions received from the associate/joint venture.
3. This issue has been discussed by the Committee over several meetings, as a result of the Board's request that the Committee should consider the issue in order to assist the Board in deciding whether and how the Board should amend IAS 28 to

<sup>1</sup> Paragraph 10 of IAS 28 (revised 2011) will replace paragraph 11 of IAS 28 (revised 2003) when IAS 28 (revised 2011) becomes effective. However, the wording in the paragraph that is the cause of this issue is unchanged and we have therefore referred to the IAS 28 (revised 2011) standard in this paper.

address that issue. The Committee has therefore been trying to develop principles that the Board could use in a future amendment.

4. We have prepared the following papers for discussion at the June board meeting.
  - (a) **Agenda Paper 11 B:** provides a summary of the discussions to date and the Committee's proposed amendments to IAS 28. This paper asks the Board if it agrees with the Committee's proposal.
  - (b) **Agenda Paper 11 C:** analyses two transactions that the Committee decided not to include in the scope of its amendments. This paper asks the Board if it agrees with the Committee's recommendation, taking into account the Committee's concerns on the two transactions.