STAFF PAPER

1-2 October 2015

Accounting Standards Advisory Forum

Project	**The Equity Method of Accounting**
Paper topic	Cover paper

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Format of this session

1. This session of the Accounting Standards Advisory Forum (ASAF) will be split into two sections:

   Agenda Paper 6A—the FASB will provide an update on its Exposure Draft *Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Equity Method of Accounting.*

   Agenda Paper 6B—the IASB staff are seeking the views of the ASAF if, as part of the Equity Method of Accounting project, the IASB should consult on whether to retain the requirements in IAS 28 *Investments in Associates and Joint Ventures*:

   (a) for an entity to account for the difference between (i) the cost of the investment and (ii) the entity's share of the net fair values of the investee's identifiable assets and labilities as either goodwill (where (i) exceeds (ii)) or income (where (ii) exceeds (i)).

   (b) that gains or losses resulting from 'upstream' and 'downstream' transactions between an entity (including its consolidated subsidiaries) and its associates or joint ventures should be recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or the joint venture. In other words, the entity's share of those gains or losses resulting from upstream and downstream transactions should be eliminated.