IFRS Accounting

STAFF PAPER

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IASB® meeting

Project	**Primary Financial Statements**	
Paper topic	Entities with specified main business activities—Associates and joint ventures	

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Objective of this paper

1. This paper sets out the staff analysis and recommendation relating to the proposal in the Exposure Draft *General Presentation and Disclosures* for entities with specified main business activities[1] to classify income and expenses from associates and joint ventures accounted for using the equity method outside of the operating category.

2. It is the fifth in a series of papers[2] on entities with specified main business activities and continues from the IASB's discussions of Agenda Paper 21D at its May 2022 meeting. It also discusses the limited outreach with users of the financial statements of

[1] Entities that invest as a main business activity in assets that generate a return individually and largely independently of the other resources held by the entity (referred to as 'entities that invest as a main business activity') or provide financing to customers as a main business activity.

[2] The first paper in the series considered the feedback on the key concept of 'main business activities' that is related to both the investing category and the financing category (see Agenda Paper 21A of the March 2022 IASB meeting). The second paper was an education paper that discussed the proposal for entities with specified main business activities to classify income and expenses from associates and joint ventures accounted for using the equity method outside of the operating category (see Agenda Paper 21D of the May 2022 IASB meeting). The third and fourth papers discussed aspects of the proposals for entities with specified main business activities that are related to investing and financing categories (see Agenda Paper 21A and Agenda Paper 21B of the July 2022 IASB meeting).

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entities in the insurance industry and other stakeholders since the IASB's discussions at the May 2022 meeting.

3. This paper should be read in conjunction with Agenda Paper 21E *Specified subtotals* of this meeting which discusses the staff recommendation to add 'operating profit or loss and income and expenses from investments accounted for using the equity method' to the list of specified subtotals in paragraph 104 of the Exposure Draft.

4. In future papers, we plan to discuss:
   - (a) whether a general principle or further guidance is needed to clarify the classification of income and expenses arising from transactions which result in a change in the category in which income and expenses from assets are classified (for example, where to classify gains and losses that arise when an investment in an equity instrument becomes a subsidiary);
   - (b) remaining aspects of the proposals for entities with specified main business activities related to the financing category; and
   - (c) transition relief as discussed in paragraph 41 of this paper.

Summary of staff recommendations

5. The staff recommend the IASB require entities with specified main business activities to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category. As a result, all entities would classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category.

Structure of the paper

6. This paper is structured as follows:
   - (a) background (paragraphs 7–41);
     - (i) proposals in the Exposure Draft (paragraph 7);

(ii) comment letter feedback on the proposals in the Exposure Draft (paragraphs 8–17);

(iii) summary of related tentative IASB decisions from its redeliberations to date (paragraphs 18–22); and

(iv) discussions at the May 2022 IASB meeting (paragraphs 23–41);

(b) staff analysis, staff recommendation and question for the IASB (paragraphs 42–62);

(i) limited outreach since the May 2022 IASB meeting (paragraphs 43–52); and

(ii) whether the IASB should require entities with specified main business activities to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category (paragraphs 53–62);

(c) Appendix A—Extract of the illustrative example of the statement of financial performance for an insurance entity;

(d) Appendix B—Extracts from the Exposure Draft;

(e) Appendix C—Extracts from IFRS Accounting Standards; and

(f) Appendix D—Extracts from Agenda Paper 21D of the May 2022 IASB meeting.

Background

Proposals in the Exposure Draft

7. The Exposure Draft proposed that:

(a) income and expenses from investments made in the course of an entity's main business activities, including income and expenses from associates and joint ventures not accounted for using the equity method be classified in the operating category; and

(b) income and expenses from associates and joint ventures accounted for using the equity method be classified outside of the operating category by all entities regardless of their relationship to main business activities (paragraphs 47, 48, 53, B27, B32 and B38 of the Exposure Draft).

Comment letter feedback on the proposals in the Exposure Draft

8. Feedback on the proposals in the Exposure Draft for investments in associates and joint ventures held by entities with specified main business activities was generally focused on the distinction between integral and non-integral associates and joint ventures. This feedback is excluded from the comments below because the IASB has tentatively decided not to proceed with this proposal (see Agenda Paper 21A of the October 2021 IASB meeting).

Comments from users

9. Most users agreed with the proposal for entities to classify income and expenses from associates and joint ventures accounted for using the equity method outside of operating profit. The reasons given for supporting the proposal included:

(a) the potential effect of post-tax, post-financing measures, and the effect on any margin analysis, if income and expenses from associates and joint ventures accounted for using the equity method were included in operating profit; and

(b) requiring income and expenses from associates and joint ventures accounted for using the equity method to be classified in a specific location within the statement of profit or loss enhances comparability of the financial statements across different entities.

10. Of the users that commented, only one organisation representing users specifically commented on entities with specified main business activities. This organisation said that the only case where an exception to classifying income and expenses from associates and joint ventures accounted for using the equity method in the operating category may be necessary is when the investments back insurance contracts.

Comments from industry bodies and entities in specific industries

11. Most respondents from the banking industry agreed with the proposal that income and expenses from associates and joint ventures accounted for using the equity method be classified outside of the operating category.

12. A few respondents from the real estate industry disagreed, in particular, with classifying income and expenses from joint ventures accounted for using the equity method outside of the operating category. They explained that common legal structures used in some jurisdictions result in such investments being accounted for using the equity method, but these investments are actively managed as part of operations and, therefore, the proportionate share of profit and loss from the joint venture is an integral part of a real estate entity's operating profit.

13. Some respondents from the insurance industry disagreed with classifying income and expenses from associates and joint ventures accounted for using the equity method outside the operating category and expressed concerns about presentation mismatches arising when investments in associates and joint ventures accounted for using the equity method are held to cover insurance contract liabilities. One respondent from the insurance industry said that investments in associates and joint ventures are immaterial.

Comments from other stakeholders

14. One respondent, an accountancy body, suggested that the IASB require all entities to present income and expenses from associates and joint ventures accounted for using the equity method in a separate single line item classified in the investing category or a category between the operating category and the investing category.

15. One respondent, an accounting network, said that entities with specified main business activities, particularly those in the investment and insurance industries, should classify income and expenses from all associates and joint ventures in the operating category because in practice such entities do not differentiate between investing in associates and joint ventures and other types of investments as part of their main business activities.

16. A few respondents, including an accounting network, said that they think it is counterintuitive that income and expenses from investments in associates and joint

ventures accounted for using the equity method will never qualify for presentation in the operating category, but income and expenses from investments in equity instruments[3] over which an entity does not have joint control or significant influence are required to be classified in the operating category when the investments are in the course of main business activities[4].

17. A few accountancy bodies said that income and expenses from associates and joint ventures accounted for using the equity method should be classified in the operating category when the returns impact parties other than shareholders, such as insurance contract policyholders. One of these respondents suggested that in order to achieve the objective of IFRS 17 *Insurance Contracts* for insurers to present both 'investment revenue' and 'insurance finance expense' together as 'net finance result' (see Appendix A for the illustrative example of the statement of financial performance of an insurance entity), entities applying IFRS 17 should present income and expenses from associates and joint ventures accounted for using the equity method as a separate line item within the operating category either:

    (a) within 'net financial result' between 'credit impairment losses' and 'insurance finance expenses'; or

    (b) directly below net financial result with a subtotal of 'net financial result and income and expenses from associates and joint ventures accounted for using the equity method'.

Summary of related IASB tentative decisions from its redeliberations to date

18. In October 2021 (see Agenda Paper 21A), the IASB tentatively decided to:

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[3] Equity instruments are either measured at fair value through profit or loss or fair value through other comprehensive income if the entity applies the election in paragraph 5.7.5 in IFRS 9 *Financial Instruments* (see paragraph 4.1.4 of IFRS 9). This election is an irrevocable election made on an instrument-by-instrument basis on initial recognition. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends received are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment (see paragraph B5.7.1 of IFRS 9).

[4] Agenda Paper 21A of the July 2022 IASB meeting discussed the classification of income and expenses from equity instruments. The IASB's tentative decision to classify in the operating category income and expenses that would otherwise be classified in the investing category when investing is a main business activity rather than when an investment is in the course of main business activities address the concerns raised by stakeholders about counterintuitive outcomes.

(a) proceed with the proposal under the general model to require an entity to classify income and expenses from associates and joint ventures accounted for using the equity method outside the operating category;

(b) withdraw the proposal to require an entity to present the subtotal 'operating profit or loss and income and expenses from integral associates and joint ventures'; and

(c) withdraw the proposal to require an entity to identify and present income and expenses from integral associates and joint ventures separately from income and expenses from non-integral associates and joint ventures.

19. In December 2021 (see Agenda Paper 21B), the IASB tentatively decided to require entities to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category.

20. In February 2022 (see Agenda Paper 21A), the IASB tentatively decided to confirm the requirement for entities to present a line item for share of profit or loss from associates and joint ventures accounted for using the equity method.

21. In March 2022 (see Agenda Paper 21A), the IASB tentatively decided to clarify that:

(a) the role of main business activities in the requirements of the [draft] IFRS Accounting Standard is limited to assessing whether an entity invests in the course of its main business activities or provides financing to customers as a main business activity. The assessment is performed at the reporting-entity level. Any changes in the outcome of the assessment should be applied prospectively with disclosure of the fact that there has been a change and information about the effect of the change that would allow users to perform trend analysis on operating profit.

(b) investing in the course of main business activities or providing financing to customers as a main business activity is a matter of fact and not an assertion. An entity will need to use its judgement in assessing whether it invests in the course of its main business activities or provides financing to customers as a main business activity. The assessment should be based on observable evidence to the extent available.

(c) examples of observable evidence are:

(i) operating performance measures used in public communications; and

(ii) information about segments, if an entity applies IFRS 8 *Operating Segments*. Specifically:

1. a reportable segment that comprises a single business activity indicates that the business activity is a main business activity of the entity.

2. an operating segment that comprises a single business activity indicates the business activity could be a main business activity of the entity—if the performance of the operating segment is an important indicator of the operating performance of the entity.

(d) the specified subtotals similar to gross profit[5] in paragraph B78 of the Exposure Draft are examples of important indicators of operating performance for an entity that invests in the course of its main business activities or provides financing to customers as a main business activity.

22. In July 2022 (see Agenda Paper 21A), the IASB tentatively decided for the investing category:

(a) to require an entity that invests as a main business activity, rather than invests in the course of main business activities, to classify in the operating category income and expenses from assets that would otherwise be classified in the investing category;

(b) to permit an entity to group assets with shared characteristics for the purpose of assessing whether those investments are made as a main business activity. The way an entity groups financial assets for this assessment should be consistent with the way it groups financial assets into classes for the purposes

[5] A subtotal is similar to gross profit when it represents the difference between a type of revenue and directly related expenses incurred in generating that revenue (see paragraph B78 of the Exposure Draft).

of disclosures about financial instruments, in accordance with IFRS 7 *Financial Instruments: Disclosures*; and

(c) to add application guidance clarifying that income and expenses from financial assets arising from providing financing to customers are classified in the operating category.

Discussions at the May 2022 IASB meeting

23. In May 2022 (see Agenda Paper 21D), the IASB discussed the impact on entities with specified main business activities if the IASB were to require entities with specified main business activities to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category. The staff did not make any recommendations nor ask the IASB to make any decisions.

Comments from the real estate and banking industries

24. Some IASB members said that the comments from stakeholders in the real estate industry (see paragraph 12) were the same as those discussed by the IASB when discussing integral and non-integral associates and joint ventures (see Agenda Paper 21A of the October 2021 IASB meeting). These comments do not contain new information that indicates the IASB should reconsider its approach.

25. The IASB did not specifically discuss the comments from stakeholders in the banking industry (see paragraph 11). The feedback and staff analysis in Agenda Paper 21D presented at that meeting did not indicate that the IASB should reconsider its approach.

Relationship between the proposal and the requirements of IFRS 17

26. IASB members discussed the comments from stakeholders in the insurance industry (see paragraphs 10, 13, 15 and 17). Some IASB members asked if an entity were required to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category would it result in a conflict with the requirements of IFRS 17.

27. The staff explained that it would not result in a conflict with the requirements in IFRS 17 as it does not contain requirements for assets, including associates and joint

ventures accounted for using the equity method. However, the IASB's objectives[6] when developing the requirements in IFRS 17 is that 'net financial result (investment income minus insurance finance expense)' would be an important measure of operating performance of an entity that is required to apply IFRS 17.

28. Some IASB members said that classifying income and expenses from associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements in net financial result in the operating category would be a faithful representation of the entity's operating profit.

29. One IASB member said that without an exception to the general principle a presentation mismatch would arise if the income and expenses from associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements are classified outside of net financial result (see paragraphs 41–42 of Agenda Paper 21D of the May 2022 IASB meeting reproduced in Appendix D). These presentation mismatches arise because net financial result would only contain insurance finance expenses from the insurance contract liabilities and no associated investment revenue from the assets held to service those liabilities.

Industry specific integral and non-integral associates and joint ventures

30. Some IASB members said that the reasons given by stakeholders in the insurance industry to classify income and expenses from associates and joint ventures accounted for using the equity method in the operating category are similar to:

    (a) comments from stakeholders in other industries that would like to classify income and expenses from associates and joint ventures accounted for using the equity method in the operating category because the associate or joint venture is part of the entity's operations; and

    (b) the points discussed about integral and non-integral associates and joint ventures (see Agenda Paper 21A of the October 2021 IASB meeting).

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[6] See Appendix D for the extract from Agenda Paper 21D of the May 2022 IASB meeting explaining the requirements in IFRS 17 and the IASB's objectives when developing IFRS 17.

Impact on margin analysis

31. One IASB member noted that net financial result is a subtotal similar to gross profit and asked if margin analysis of an insurance entity would be impacted if net financial result included income and expenses from associates and joint ventures accounted for using the equity method.

32. The staff said that income and expenses from associates and joint ventures accounted for using the equity method impacts margin analysis of non-insurance entities because revenue, cost of sales and other line items are presented as a net amount in a single line item. It is the lack of disaggregation which impacts margin analysis.

33. Net financial result includes other net amounts from investments, such as fair value gains and losses on financial assets. Including income and expenses from associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements in net financial result is less likely to disrupt margin analysis.

Fair value measurement

34. With regards to the election to account for associates and joint ventures at fair value through profit or loss in paragraph 18 of IAS 28 *Investments in Associates and Joint Ventures* (see paragraphs 36–40 of Agenda Paper 21D of the May 2022 IASB meeting reproduced in Appendix D), some IASB members said that investments in associates and joint ventures accounted for using the equity method that are held by insurance entities for investment purposes may be difficult to measure at fair value, for example when the investment is in an associate that is not a listed entity. However, one IASB member said that fair value information for associates and joint ventures is generally required to some extent in jurisdictions where insurance entities are subject to a solvency regime.

35. The staff explained that interpreting or amending the requirements of IAS 28 and changing the measurement method of assets and liabilities is currently beyond the scope of this project.

Concerns about an exception to a general principle

36. IASB members expressed concerns about creating an exception to a general principle for entities in a specific industry. IASB members said that:

    (a) it would be difficult to define the scope of an exception;

    (b) an exception should only capture income and expenses from associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements. It should not capture income and expenses from associates and joint ventures accounted for using the equity method that undertake insurance or other business activities that are part of the operations of the entity (see paragraphs 41–42 of Agenda Paper 21D of the May 2022 IASB meeting reproduced in Appendix D);

    (c) there is a risk that an exception may be interpreted to capture a larger population of associates and joint ventures accounted for using the equity method than the IASB intends;

    (d) an exception would introduce subjectivity and require entities to exercise judgement to determine which associates and joint ventures accounted for using the equity method are within the scope and which are not;

    (e) an exception for a specific industry may be difficult to apply by conglomerates that operate in multiple industries; and

    (f) an exception is not consistent with the support from users that classification of income and expenses from associates and joint ventures accounted for using the equity method in a specific location within the statement of profit or loss enhances comparability of the financial statements across different entities (see paragraph 9(b)).

Incomplete information on associates and joint ventures held by insurance entities

37. IASB members acknowledged that information to support a decision on the proposal is incomplete as financial statements applying IFRS 17 are not available in the marketplace. However, IASB members said that they do not think that additional

research now would result in additional information and that they should not delay making a decision until a full set of financial statements applying IFRS 17 becomes available as it would substantially delay the project.

38. Some IASB members said that they do not think that investments in associates and joint ventures accounted for using the equity method are prevalent in the insurance industry. One IASB member said that they understand that due to the additional risk involved, investments in associates and joint ventures require additional resources to manage those risks. They understand that such investments are likely to be limited to large insurance entities that have the capacity to absorb the additional risk.

Points to follow up from the discussion

39. Several IASB members asked the staff to discuss the IASB's proposal with users that analyse entities in the insurance industry. Limited outreach with these users is discussed in paragraphs 43–52 of this paper.

40. One IASB member asked the staff to consider including 'operating profit and income and expenses from associates and joint ventures accounted for using the equity method' in the list of specified subtotals that are not management performance measures in paragraph 104 of the Exposure Draft. The staff have considered this in Agenda Paper 21E *Specified subtotals* of this meeting.

41. Some IASB members said they would like the staff to explore whether the IASB should permit entities that did not apply the election on initial recognition of an associate or joint venture recognised prior to applying the [draft] IFRS Accounting Standard to apply paragraph 18 of IAS 28 on transition to the [draft] IFRS Accounting Standard. The staff will explore this in a future paper when discussing transition.

Staff analysis, staff recommendation and question for the IASB

42. In this paper we analyse:

    (a) the limited outreach since the May 2022 IASB meeting (see paragraphs 43–52); and

    (b) whether the IASB should require entities with specified main business activities to classify income and expenses from associates and joint ventures

accounted for using the equity method in the investing category (see paragraphs 53–62).

Limited outreach since the May 2022 IASB meeting

43. Appendix D contains a summary of the limited outreach in [Agenda Paper 21D] discussed by the IASB at the May 2022 meeting.

44. Following the IASB's discussion at its May 2022 meeting, the staff carried out additional limited outreach with:

    (a) users that analyse entities in the insurance industry (see paragraphs 45–49); and

    (b) stakeholders in two jurisdictions that asked to discuss the classification of income and expenses from associates and joint ventures accounted for using the entity method with the staff (see paragraphs 50–52).

Limited outreach with users that analyse entities in the insurance industry

45. Limited outreach with users that analyse entities in the insurance industry did not indicate that:

    (a) requiring entities in the insurance industry to classify income and expenses from all associates and joint ventures accounted for using the equity method in the investing category would be problematic for users' analysis; and

    (b) holdings of investments in associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements are not prevalent in the insurance industry.

46. All users that participated in the limited outreach generally agreed with the comments from stakeholders that income and expenses from investments in associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements should ideally be included in net financial result in operating profit. However, requiring entities in the insurance industry to classify income and expenses from all associates and joint ventures

accounted for using the equity method in the investing category would not be problematic for their analysis.

47. A few users that participated in the limited outreach also said that income and expenses from investments in associates and joint ventures that undertake insurance underwriting activities should be included in operating profit. One user said that distinguishing between associates and joint ventures that undertake insurance underwriting activities and associates and joint ventures held for investments purposes would currently not provide material information. However, if the information was to become material in the future, then they would like sufficient disclosures to be able to determine the split between income and expenses from associates and joint ventures accounted for using the equity method that relate to investment result and those that relate to the insurance result.

48. A few users that participated in the limited outreach said that they prefer income and expenses from associates and joint ventures accounted for using the equity method to be classified consistently across all entities. A few users acknowledged that if the IASB were to develop an exception from the general principle (that would permit entities in a specific industry to classify income and expenses from investments in associates and joint ventures accounted for using the equity method in the operating category), entities in other industries, such as private equity funds, may also request a similar exception.

49. The users that participated in the limited outreach said that it tends to be only large insurance entities that invest in associates and joint ventures and tends to be in the life insurance sector of the industry. The staff analysed the financial statements of six insurance entities mentioned by users during the limited outreach and noted that:

    (a) investments in associates and joint ventures accounted for using the equity method were generally in insurance and credit businesses; and

    (b) investments in associates and joint ventures held for investment purposes were generally accounted for at fair value through profit or loss applying the election in paragraph 18 of IAS 28.

Limited outreach with other stakeholders

50. After the May 2022 IASB meeting, the staff carried out limited outreach with stakeholders in two jurisdictions that asked to discuss classification of income and expenses from associates and joint ventures accounted for using the entity method with the staff. These discussions were not limited to entities with specified main business activities but related to all entities. The staff do not think that the points raised by stakeholders in these discussions provided new information that the IASB was not aware of when it made its tentative decision to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category (see Agenda Paper 21A of the October 2021 IASB meeting and Agenda Paper 21B of the December 2021 IASB meeting).

51. Stakeholders in one of these jurisdictions said that entities in specific industries in their jurisdiction, such as mining and ship building, disagree with the IASB's tentative decision to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category. In their view, such income and expenses should be classified in the operating category because the associates and joint ventures are part of their operations.

52. Stakeholders, mostly users, in the other jurisdiction said that they disagree with the proposal to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category. These users said that joint ventures are part of day-to-day operations for many entities in their jurisdiction. They are concerned about comparability across entities if income and expenses from all associates and joint ventures accounted for using the equity method are classified together in the investing category although one entity holds associates and joint ventures as part of its day-to-day operations and another entity holds them for investing purposes.

Whether the IASB should require entities with specified main business activities to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category

53. The staff recommend that the IASB require entities with specified main business activities to classify income and expenses from associates and joint ventures

accounted for using the equity method in the investing category. The staff analysis is organised as follows:

(a) whether to create an exception to the general principle (see paragraphs 54–60);

(b) whether additional disclosures are required (paragraph 61); and

(c) staff recommendation (see paragraph 62).

Whether to create an exception to the general principle

54. The staff considered whether the IASB should create an exception to permit or require entities to classify income and expenses from associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements in the operating category.

55. Such an exception would not be applied to income and expenses from associates and joint ventures accounted for using the equity method that undertake insurance and other business activities that are part of the operations of the entity. Prior to issuing the Exposure Draft, the IASB considered and rejected an approach that would classify income and expenses from associates and joint ventures accounted for using the equity method in the operating category based on the investor and investee having the same business line. Therefore, income and expenses from these associates and joint ventures should be classified in the investing category the same as all other entities.

56. The staff do not recommend the IASB create an exception to classify income and expenses from associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements in the operating category because:

(a) an exception introduces subjectivity and requires entities to exercise judgement to apply it;

(b) it is difficult to define the scope of an exception and there is a risk that it may be interpreted to capture a larger population of associates and joint ventures than the IASB intends; and

(c) it introduces complexity—entities that apply the exception would be the only entities that are required to distinguish between associates and joint ventures accounted for using the equity method with income and expenses classified in

the operating category and those with income and expenses classified in the operating category.

57. Given the concerns raised by stakeholders about the proposal to distinguish between integral and non-integral associates and joint ventures (see Agenda Paper 21A of the October 2021 IASB meeting), the staff think that it may be difficult to develop indicators to distinguish between associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements and those that are not.

58. The staff analysis in Agenda Paper 21D of the May 2022 IASB meeting (reproduced in Appendix D), comments from some IASB members at the May 2022 IASB meeting (see paragraph 38) and limited outreach with users that analyse entities in the insurance industry since the May 2022 IASB meeting (see paragraphs 45–49) does not indicate that investments in associates and joint ventures accounted for using the equity method that are directly or indirectly linked to insurance contracts or held to meet solvency requirements are prevalent in the insurance industry. They would only arise when:

    (a) an entity judges that it cannot apply the election to account for investments in associates and joint ventures at fair value through profit or loss in paragraph 18 of IAS 28; or

    (b) an entity chooses not to apply this election on initial recognition of an investment in an associate or joint venture, or when it adopts IFRS 17.

59. As discussed in Agenda Paper 21E *Specified subtotals* of this meeting, an entity would be permitted to present an additional subtotal of 'operating profit or loss and income and expenses from investments accounted for using the equity method' which would partially address the concerns raised by stakeholders in the insurance industry.

60. Limited outreach with users did not indicate that requiring entities in the insurance industry to classify income and expenses from all associates and joint ventures accounted for using the equity method in the investing category would be problematic for their analysis. Therefore, the staff think that the risks of creating an exception to the general principle are likely to exceed the benefits. If the IASB did not create an exception to the general principle, all entities would classify income and expenses

from associates and joint ventures accounted for using the equity method in a specific location within the statement of profit or loss. Classification of income and expenses from associates and joint ventures accounted for using the equity method in a specific location was supported by users of financial statements (see paragraphs 9(b) and 48).

Whether additional disclosures are required

61. In limited outreach, users that analyse entities in the insurance industries said that if the IASB were to require entities in the insurance industry to classify income and expenses from all associates and joint ventures accounted for using the equity method in the investing category, they would like sufficient disclosures to be able to determine the split between income and expenses from associates and joint ventures accounted for using the equity method that relate to investment result and those that relate to the insurance result (see paragraph 47). The staff do not recommend the IASB introduce a disclosure requirement to address this feedback because IFRS 12 *Disclosure of Interests in Other Entities* contains disclosure requirements for interests in associates and joint ventures.

Staff recommendation

62. On balance, the staff recommend that the IASB require entities with specified main business activities to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category. As a result, all entities would classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category.

Question for the IASB
Does the IASB agree with the staff recommendation to require entities with specified main business activities to classify income and expenses from associates and joint ventures accounted for using the equity method in the investing category?

Appendix A—Extract of the illustrative example of the statement of financial performance for an insurance entity

A1. An extract of the illustrative example for an insurance entity in paragraph IE9 of the Exposure Draft is reproduced below.

BB Group—Statement of financial performance for the year ended 31 December 20X2

	(in currency units)	
	20X2	**20X1**
Insurance revenue	138,200	133,800
Insurance service expenses	(107,000)	(106,000)
Insurance service result	31,200	27,800
Interest revenue calculated using the effective interest method	21,500	22,000
Other investment revenue	95,500	81,000
Credit impairment losses	(9,000)	(11,000)
Insurance finance expenses	(85,900)	(84,000)
Net financial result	22,100	8,000
Other expenses[a]	(3,100)	(4,600)
Operating profit	50,200	31,200
Share of profit or loss of integral associates and joint ventures	(3,200)	1,500
Operating profit and income and expenses from integral associates and joint ventures	47,000	32,700
Share of profit or loss of non-integral associates and joint ventures	(2,200)	3,300
Profit before financing and income tax / Profit before tax	44,800	36,000
Income tax expense	(11,200)	(9,000)
PROFIT FOR THE YEAR	33,600	27,000

(a) Paragraph 28 of [draft] IFRS X requires the composition of 'other expenses' to be analysed in the notes. However, such a note is not included in the examples.

Appendix B—Extracts from the Exposure Draft

B1. The paragraphs from the Exposure Draft are reproduced below.

47 The objective of the investing category is to communicate information about returns from investments that are generated individually and largely independently of other resources held by an entity. Except as required by paragraph 48, an entity shall classify in the investing category:

(a) income and expenses from investments, including from non-integral associates and joint ventures (see paragraphs B32–B33).

(b) incremental expenses incurred generating income and expenses from investments. Incremental expenses are expenses that the entity would not have incurred had the investments giving rise to the income and expenses from investments not been made.

48 An entity shall not classify in the investing category income and expenses specified in paragraphs 47(a)–47(b) generated in the course of its main business activities. Such income and expenses are instead classified in the operating category. An entity shall not classify income and expenses from non-integral associates and joint ventures in the operating category.

53 An entity shall classify in the integral associates and joint ventures category income and expenses from integral associates and joint ventures (see paragraph B38).

B27 Paragraph 48 requires an entity to classify in the operating category income and expenses from investments in the course of its main business activities. Whether income and expenses from investments arise in the course of an entity's main business activities is a matter of judgement. In general, investments are likely to have been made in the course of an entity's main business activity when investment returns are an important indicator of operating performance. Examples of entities that invest in the course of their main business activities may include:

(a) investment entities as defined by IFRS 10 *Consolidated Financial Statements*;

(b) investment property companies; and

(c) insurers.

B32 Paragraph 47 requires an entity to classify income and expenses from investments in the investing category except when paragraph 48 requires the entity to classify them in the operating category. Income and expenses from investments would typically include:

(a) income and expenses from financial assets, except for income and expenses from cash and cash equivalents, such as:

(i) interest revenue;
(ii) impairment losses and reversals of impairment losses;
(iii) gains and losses on disposal;
(iv) fair value gains and losses;
(v) dividends from equity investments;
(vi) the share of profit or loss of non-integral associates and joint ventures; and
(vii) income and expenses from associates and joint ventures not accounted for using the equity method; and

(b) income and expenses from other investments such as:

(i) income and expenses on investment property;
(ii) impairment losses and reversals of impairment losses;
(iii) income or expenses from speculative investments, such as investments in artwork held for capital appreciation; and
(iv) gains and losses on disposal.

B38 Only associates and joint ventures accounted for using the equity method can meet the definition of integral associates and joint ventures, thus giving rise to the share of profit or loss accounted for using the equity method. Applying IAS 28 *Investments in Associates and Joint Ventures* an entity may be required to recognise income and expenses from integral associates and joint ventures in addition to the share of profit or loss accounted for using the equity method.

Applying paragraph 53, income and expenses from integral associates and joint ventures include:

(a) the share of profit or loss of integral associates and joint ventures;
(b) impairment losses and reversals of impairment losses on integral

associates and joint ventures; and

(c) gains or losses on disposals of integral associates and joint ventures.

B78 In accordance with paragraph 104(b) subtotals similar to gross profit are not management performance measures. A subtotal is similar to gross profit when it represents the difference between a type of revenue and directly related expenses incurred in generating that revenue. Examples include:

(a) net interest income;

(b) net fee and commission income;

(c) insurance service result;

(d) net financial result (investment income minus insurance finance expenses); and

(e) net rental income.

BC82 The Board considered whether to require entities to classify the share of profit or loss of integral associates and joint ventures in the operating category. Such an approach would be a response to the views of some stakeholders that entities may invest in integral associates and joint ventures in the course of their main business activities. However, it rejected this approach because many users of financial statements analyse the results of investments in associates and joint ventures accounted for using the equity method separately from the results of an entity's operating activities. Users explain that this is because:

(a) the equity method of accounting combines income and expenses that users would normally analyse separately, including financing expenses and income taxes.

(b) classifying the share of profit or loss of associates and joint ventures in the operating category would significantly disrupt users' analyses of operating margins. For example, the revenue line does not include revenue from associates and joint ventures.

(c) the entity does not control the activities of associates and joint ventures as it controls the other activities giving rise to income and expenses classified in the operating category and only exercises joint control over the activities of joint ventures.

Appendix C—Extracts from IFRS Accounting Standards

C1. The paragraphs from IAS 28 are as follows.

18 When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9. An example of an investment-linked insurance fund is a fund held by an entity as the underlying items for a group of insurance contracts with direct participation features. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features. An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. (See IFRS 17 *Insurance Contracts* for terms used in this paragraph that are defined in that Standard.)

19 When an entity has an investment in an associate, a portion of which is held indirectly through a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that portion of the investment in the associate at fair value through profit or loss in accordance with IFRS 9 regardless of whether the venture capital organisation, or the mutual fund, unit trust and similar entities including investment-linked insurance funds, has significant influence over that portion of the investment. If the entity makes that election, the entity shall apply the equity method to any remaining portion of its investment in an associate that is not held through a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds.

45F IFRS 17, issued in May 2017, amended paragraph 18. An entity shall apply that amendment when it applies IFRS 17.

C2. The paragraphs from IFRS 9 are as follows.

4.1.4 A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost in accordance with paragraph 4.1.2 or at fair value through other comprehensive income in accordance with paragraph 4.1.2A. However an entity may make an irrevocable election at

initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income (see paragraphs 5.7.5–5.7.6).

5.7.5 At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this Standard that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. (See paragraph B5.7.3 for guidance on foreign exchange gains or losses.)

B5.7.1 Paragraph 5.7.5 permits an entity to make an irrevocable election to present in other comprehensive income changes in the fair value of an investment in an equity instrument that is not held for trading. This election is made on an instrument-by-instrument (ie share-by-share) basis. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the entity may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss in accordance with paragraph 5.7.6 unless the dividend clearly represents a recovery of part of the cost of the investment.

C3. The paragraphs from IFRS 17 are as follows.

80 Applying paragraphs 41 and 42, an entity shall disaggregate the amounts recognised in the statement(s) of profit or loss and other comprehensive income (hereafter referred to as the statement(s) of financial performance) into:

(a) an insurance service result (paragraphs 83–86), comprising insurance revenue and insurance service expenses; and

(b) insurance finance income or expenses (paragraphs 87–92).

87 Insurance finance income or expenses comprises the change in the carrying amount of the group of insurance contracts arising from:

(a) the effect of the time value of money and changes in the time value of money; and

(b) the effect of financial risk and changes in financial risk; but

(c) excluding any such changes for groups of insurance contracts with direct participation features that would adjust the contractual service margin but do not do so when applying paragraphs 45(b)(ii), 45(b)(iii), 45(c)(ii) or 45(c)(iii). These are included in insurance service expenses.

110 An entity shall disclose and explain the total amount of insurance finance income or expenses in the reporting period. In particular, an entity shall explain the relationship between insurance finance income or expenses and the investment return on its assets, to enable users of its financial statements to evaluate the sources of finance income or expenses recognised in profit or loss and other comprehensive income.

BC16 IFRS 17 reflects the Board's view that an insurance contract combines features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, the Board developed an approach that:

(a) combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract (see paragraphs BC18–BC26);

(b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses (see paragraphs BC27–BC37); and

(c) requires an entity to make an accounting policy choice at a portfolio level of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income (see paragraphs BC38–BC49).

Appendix D—Extracts from Agenda Paper 21D of the May 2022 IASB meeting

D1. This Appendix reproduces the analysis of the implications for entities with specified main business activities if the IASB were to proceed with the proposal for entities with specified main business activities to classify income and expenses from associates and joint ventures in the investing category set out in Agenda Paper 21D of the May 2022 IASB meeting. Paragraph numbers and cross references are those contained in Agenda Paper 21D of the May 2022 IASB meeting.

Implications for entities with specified main business activities if the IASB were to proceed with the proposal

27 In order to determine the population of entities with specified main business activities that are likely to be impacted by the proposal, the staff extracted the latest annual figures[7] from S&P CapitalIQ for 9,493 entities applying IFRS Accounting Standards with industry classifications of real estate and financials. From the extracted data[8] 1,100 of the 2,413 (46%) entities with a real estate industry classification, 301 of the 699 (43%) of entities with an insurance industry classification and 1,745 of the 6,381 (27%) of non-insurance entities with a financial industry classification have investments in associates and joint ventures accounted for using the equity method.

28 It was not possible to do a more detailed analysis using the extracted data without manually analysing the financial statements of individual entities. As a result, in the analysis below the staff selected a small sample of entities in each industry classification for further analysis[9].

[7] The figures extracted were for the following line items in the Capital IQ standard template: 'Sum of Equity Method Investments' (statement of financial position figure), 'Sum of Income / (Loss) from Affiliates' (statement of profit or loss figure for investments accounted for using the equity method), 'Sum of Total Assets', 'Sum of EBT Incl Unusual Items' and 'Sum of Net Income'.

[8] The number of entities considered to have investments in associates and joint ventures accounted for using the equity method in the extracted data had either (i) 'Sum of Equity Method Investments' (statement of financial position figure), (ii) 'Sum of Income / (Loss) from Affiliates' (statement of profit or loss figure for investments accounted for using the equity method) or both (i) and (ii).

[9] In the analysis presented for entities with specified main business activities in different industries we included investments in associates and joint ventures accounted for using the equity method as a percentage of total assets, but we did not include the figures for the statement of profit or loss, because some of the entities we analysed did not disclose the full amount included in the statement of profit or loss.

Entities in the banking industry

29 The feedback received did not indicate that the IASB should change the proposal in the Exposure Draft for entities in the banking industry (see paragraph 9). Limited outreach with stakeholders and analysis of the financial statements of 10 entities in the banking industry supported this feedback. In particular, the staff noted that:

a of the 10 entities analysed seven entities presented an operating profit subtotal and classified income and expenses from associates and joint ventures accounted for using the equity method outside of operating profit;

b the remaining three entities did not present an operating profit subtotal and either classified income and expenses from associates and joint ventures accounted for using the equity method within a non-interest income subtotal or directly above profit before tax;

c on average investments in associates and joint ventures were 1.45% of total assets with a range from 0.003% to 11.8% of total assets; and

d investments in associates and joint ventures accounted for using the equity method included investments in banking and financial services, renewable energy, infrastructure and private equity.

Entities in the real estate industry

30 Feedback received indicated some disagreement with the proposals from entities in the real estate industry, in particular, for investments in joint ventures accounted for using the equity method (see paragraph 10). Limited outreach with stakeholders indicated that:

a some of these concerns appear to stem from the view that proportionate consolidation is a more appropriate way to account for common legal structures used in some jurisdictions in the real estate industry; and

b for some entities, operations legally structured through joint ventures are a significant part of the entity’s operations and managed in the same way as all other operations.

31 The staff analysed the financial statements of 10 entities in the real estate industry and based on this analysis noted that the disagreement with the proposals may not be representative of the real estate industry as a whole and the issues raised may be limited to some entities within the industry that use specific types of legal structures. In particular, the staff noted that:

a six of the entities classified income and expenses for associates and joint ventures accounted for using the equity method outside of operating profit, three included it within operating profit and one entity that did not present an operating profit subtotal presented it above profit before tax;

b on average investments in associates and joint ventures accounted for using the equity method were 8.81% of total assets with a range from 0.28% through to 21.69% of total assets; and

c investments in associates and joint ventures were not limited to real estate and property development, some entities also invested in other things such as financial and insurance services.

Entities in the insurance industry

32 Stakeholders, including users, accountancy bodies, accounting networks and entities in the insurance industry raised several issues about the proposal in the Exposure Draft for classifying income and expenses from associates and joint ventures accounted for using the equity method outside of operating profit (see paragraphs 8, 11, 13, and 15). In this section, we consider:

a the IASB's objectives when developing IFRS 17 (see paragraphs 34–36);

b exemptions from applying the equity method in IAS 28 *Investments in Associates and Joint Ventures* (see paragraphs 37–41);

c limited outreach with stakeholders (see paragraphs 42–44);

d analysis of financial statements of entities in the insurance industry (see paragraphs 45–46); and

e presentation mismatches (see paragraphs 47–54).

IASB's objectives when developing IFRS 17

33 IFRS 17 requires an entity to separately present:

a insurance service result, comprising insurance revenue and insurance service expenses; and

b insurance finance income or expense, comprising the change in the carrying amount of the group of insurance contracts arising from the effect of, and changes in, the time value of money and financial risk (see paragraphs 80, 87 and BC16 of IFRS 17).

34 Investments in assets are recognised and measured in accordance with other IFRS Accounting Standards. However, IFRS 17 requires an entity to disclose and explain the relationship between investment returns on its assets and insurance finance income or expenses to enable users of its financial statements to evaluate the sources of finance income or expenses recognised in profit or loss and other comprehensive income (paragraph 110 of IFRS 17). The difference between investment returns and insurance finance income or expense, is referred to as 'net financial result' (see paragraph B78(d) of the Exposure Draft).

35 Applying the proposals in the Exposure Draft, 'insurance service result' and 'net financial result' are examples of subtotals similar to gross profit. A subtotal is similar to gross profit when it represents the difference between a type of revenue and directly related expenses incurred in generating that revenue (see paragraph B78 of

the Exposure Draft). These subtotals that are similar to gross profit are important indicators of operating performance of entities with specified main business activities that are included in the operating category (see paragraph 19(d)).

Exemptions from applying the equity method

36 Applying the proposals in the Exposure Draft, an entity is required to classify income and expenses from associates and joint ventures not accounted for using the equity method in the operating category when the investment is in the course of its main business activities (see paragraph B32(a)(vii) of the Exposure Draft).

37 IAS 28 permits some entities to elect to account for investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. This election can be applied when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds. The election is applied separately for each associate or joint venture at initial recognition of the associate or joint venture (see paragraph 18 of IAS 28).

38 The election can also be applied to a portion of an investment in an associate[10] held indirectly through a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds regardless of whether the venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, has significant influence over that portion of the investment in the associate. The remaining portion of the investment is accounted for using the equity method (see paragraph 19 of IAS 28). Applying the proposals in the Exposure Draft, an entity that applies this election would be required to classify income and expenses from:

   a the portion of the investment in the associate measured at fair value through profit or loss in the operating category when the investment in that portion is an investment in the course of main business activities; and

   b the remaining portion in the investing category because it is accounted for using the equity method regardless of its relationship to main business activities.

39 IAS 28 does not define venture capital organisation, mutual fund, unit trust and similar entities including investment-linked insurance funds. An example of an investment-linked insurance fund[11] was added to IAS 28 when IFRS 17 was issued to prevent measurement mismatches arising when investments in associates and joint ventures underlie insurance contracts with direct participation features (see Agenda Paper 2B of the November 2015 IASB meeting). These amendments to IAS

[10] The election cannot be applied to a portion of an investment in a joint venture (see paragraph 19 of IAS 28).

[11] An example of an investment-linked insurance fund is a fund held by an entity as the underlying items for a group of insurance contracts with direct participation features. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features (see paragraph 18 of IAS 28).

28 can be applied on initial recognition or when an entity adopts IFRS 17 (see paragraphs 18 and 45F of IAS 28).

40 The staff note that the IASB is currently not planning to consider the scope of entities that can apply the election to measure investments in associates and joint ventures at fair value through profit or loss in the equity method project (see Agenda Paper 13 of the April 2022 IASB meeting).

Limited outreach with stakeholders

41 Limited outreach with stakeholders, including preparers in the insurance industry and accounting networks, indicated that there are three key types of investments in associates and joint ventures in the insurance industry:

- a investments in associates and joint ventures that are directly or indirectly linked to insurance contracts;
- b investments in associates and joint ventures held to meet solvency requirements; and
- c investments in associates and joint ventures held to undertake insurance activities in some jurisdictions, particularly in Asia.

42 These stakeholders explained that investments in associates and joint ventures and portions of investments in associates (see paragraph 39) that are directly linked to insurance contracts where policyholders bear the investment risk (some of the investments in associates and joint ventures in (a) of paragraph 42) are generally measured at fair value through profit or loss, otherwise they are accounted for using the equity method. They explained that:

- a all investments in (a) and (b) of paragraph 42 would generally be considered to be part of 'investment return' and comprise 'net financial result';
- b an investment in an associate or joint venture can be held for dual purposes, for example:
    - i a portion of an investment in an associate or joint venture accounted for using the equity method may be indirectly linked to insurance contracts and the remaining portion of the investment may be held to meet solvency requirements; and
    - ii a portion of an investment in an associate that is directly linked to insurance contracts may be accounted for at fair value through profit or loss and the remaining portion which is indirectly linked to insurance contracts or held for solvency purposes may be accounted for using the equity method;
- c the purpose for holding the investment in the associate or joint venture accounted for using the equity method may change over the life of the investment, so entities do not generally distinguish between investments that are indirectly linked to insurance contracts and those that are held for solvency requirements; and

d investments in paragraph (c) of paragraph 42 are similar to associates and joint ventures used to undertake business activities in other industries. These associates and joint ventures do not back insurance contracts and are not held for solvency requirements.

43 In practice, some stakeholders view the scope of entities that are exempt from applying the equity method and can elect to measure investments in associates and joint ventures at fair value through profit or loss narrowly and others more broadly. The staff also understand that even when the election is available, some entities may choose not to apply it due to:

a the practical difficulties in calculating fair value for some investments in associates and joint ventures; and

b reluctance by some entities to recognise fair value gains and losses from investments in associates and joint ventures in profit or loss.

Analysis of financial statements of entities in the insurance industry

44 As the effective date for IFRS 17 is annual reporting periods beginning on or after 1 January 2023, it is not possible to determine from financial statements currently available in the marketplace:

a which associates and joint ventures are directly or indirectly linked to insurance contracts or held as part of solvency requirements and will be included in net financial result and which associates and joint ventures are used for insurance or other business activities;

b if investments in associates and joint ventures are linked to insurance contracts what type of insurance contracts they are linked to; and

c whether entities will change the measurement method for some or all of their investments in associates and joint ventures currently accounted for using the equity method to fair value when they adopt IFRS 17.

45 The staff analysed the financial statements of 30 entities in the insurance industry and noted that:

a assets that back insurance contracts where the risk is borne by policyholders are generally measured at fair value through profit or loss, however, it was not always clear from the information disclosed whether such assets include investments in associates and joint ventures and, if so, what the amount of these assets were as a percentage of total assets;

b on average investments in associates and joint ventures accounted for using the equity method were approximately 1.9% of total assets. However, in the line item for investments in associates and joint ventures accounted for using the equity method in the statement of financial position:

i some entities included all associates and joint ventures accounted for using the equity method; and

ii others only included associates and joint ventures accounted for using the equity method that undertake insurance and other financial

services. These entities included investments in associates and joint ventures accounted for using the equity method held for investment purposes in invested assets, with some of these entities disclosing the amount included in invested assets in the notes. For example, for one entity, associates and joint ventures accounted for using the equity method that undertake insurance and other financial services were 0.34% of total assets and associates and joint ventures accounted for using the equity method held as part of invested assets were 1.23% of total assets;

c a few entities presented a separate line item in the statement of profit or loss that only included the share of profit or loss from investments in associates and joint ventures accounted for using the equity method that undertake insurance and other financial services. Some of these entities disclosed the share of profit or loss from investments in associates and joint ventures accounted for using the equity method included in investment income and others did not;

d a few entities only disclosed the share of profit or loss for material investments in associates and joint ventures accounted for using the equity method; and

e investments in associates and joint ventures accounted for using the equity method included investments in insurance, banking and financial services, real estate, IT software, renewable energy, infrastructure and private equity.