
IASB[®] meeting

Date **May 2025**
Project **Equity Method**
Topic **Cover paper—comment letter feedback**
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Introduction and purpose of this meeting

1. On 19 September 2024, the International Accounting Standards Board (IASB) published the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)*. The Exposure Draft sets out:
 - (a) proposed amendments to IAS 28 to answer application questions about how to apply the equity method of accounting; and
 - (b) proposals to improve the disclosure requirements in IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* to complement the proposed amendments to IAS 28.
2. As part of the IASB's work to improve the understandability of IFRS Accounting Standards, the IASB proposed to re-order the requirements in IAS 28 in a more logical and consistent way.
3. The Exposure Draft was open for comment for 120 days, which ended on 20 January 2025.
4. The purpose of this meeting is for the IASB to discuss the feedback from:
 - (a) comment letters on the Exposure Draft (see Agenda Papers 13A–13G of this meeting); and

- (b) outreach events on the Exposure Draft (see Agenda Paper 13H of this meeting).

Structure of this paper

5. This paper is structured as follows:

- (a) overview of agenda papers for this meeting (paragraphs 6–7 of this paper);
- (b) terms used in the analysis of feedback on the Exposure Draft (paragraphs 8–10 of this paper);
- (c) project background (paragraphs 11–17 of this paper); and
- (d) next steps (paragraph 18 of this paper).

Overview of agenda papers for this meeting

6. The agenda papers for this meeting are:

- (a) Agenda Paper 13A *Overview of feedback from comment letters—including feedback on the project objective and approach*.
- (b) Agenda Paper 13B *Feedback from comment letters—Measurement of cost and Changes in ownership interests*. It summarises the feedback on questions 1 and 2 of the Invitation to Comment (ITC).
- (c) Agenda Paper 13C *Feedback from comment letters—Recognition of an investor's share of losses and Impairment indicators*. It summarises the feedback on questions 3 and 5 of the ITC.
- (d) Agenda Paper 13D *Feedback from comment letters—Transactions with associates and Proposed disclosures for IFRS 12*. It summarises the feedback on questions 4 and 7 (proposed amendments to IFRS 12) of the ITC.
- (e) Agenda Paper 13E *Feedback from comment letters—Separate Financial Statements, Proposed disclosures for IAS 27 and Reduced disclosures in IFRS 19*. It summarises the feedback on questions 6, 7 (proposed amendments to IAS 27) and 8 of the ITC.

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- (f) Agenda Paper 13F *Feedback from comment letters—Transition requirements*. It summarises the feedback on question 9 of the ITC.
 - (g) Agenda Paper 13G *Feedback from comment letters—Expected effects and Other comments on the proposals in the Exposure Draft*. It summarises the feedback on questions 10 and 11 of the ITC.
 - (h) Agenda Paper 13H *Outreach feedback summary*. It summarises the feedback gathered from outreach events undertaken by IASB members and staff on the Exposure Draft.
7. The IASB is not asked to make any decisions on Agenda Papers 13A–13H at this meeting. At future meetings, the staff will analyse the feedback and propose recommendations to the IASB.

Terms used in the analysis of feedback on the Exposure Draft

8. The IASB received 109 comment letters within the comment period, and IASB members and staff have participated in 32 outreach meetings and events with various types of stakeholders. The IASB also received two late comment letters, which were not included in summarising feedback; instead, they will be considered when the IASB redeliberates the proposals in the Exposure Draft.
9. Agenda papers 13A–13H of this meeting have used the following terms in summarising feedback in the comment letters and from outreach meetings and events.

Term	Extent of response among respondents
Almost all	all except a very small minority
Most	a large majority, with more than a few exceptions
Many	a small majority or large minority
Some	a small minority, but more than a few
A few	a very small minority

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10. In determining which term to use when summarising the feedback, the staff:
- (a) considered not just the number of responses, but also other factors, such as whether a response reports the views of a single individual or the views of a broader group.
 - (b) assessed whether comments appeared to be concentrated (or feedback differs) in (between) specific geographical areas or among particular types of respondents. Agenda Papers 13A–13H for this meeting indicate when there is a notable pattern.
 - (c) have also considered the nature of the comments and whether they are qualitatively significant irrespective of the number of respondents who shared such views.

Project background

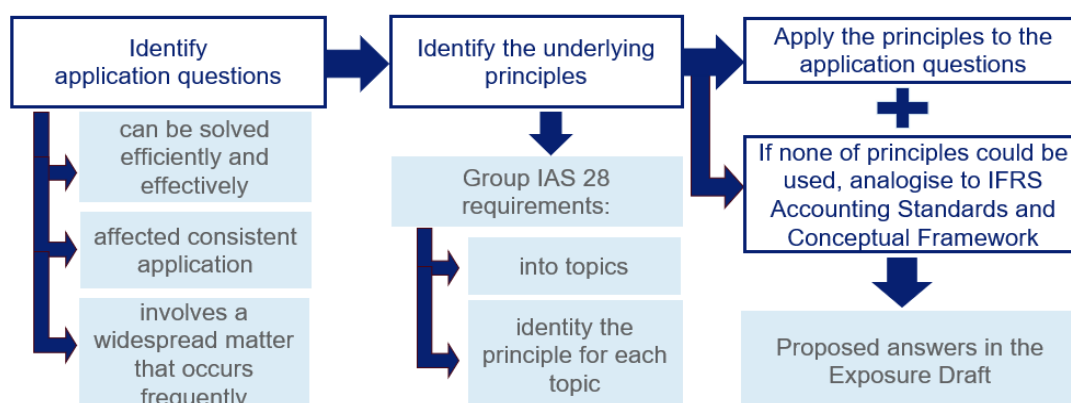
11. IFRS Accounting Standards require the application of the equity method of accounting to investments in joint ventures and associates in consolidated financial statements. The equity method is also permitted in separate financial statements for investments in subsidiaries, joint ventures and associates.
12. The *IASB Work Plan 2017–2021—Feedback Statement on the 2015 Agenda Consultation* stated that:
- A number of queries on equity accounting and its interaction with the accounting for other ways of holding interests in other entities have been raised with the Interpretations Committee. The IASB thinks that it will be able to consider this topic most effectively and efficiently after it has assessed feedback from the forthcoming Post-implementation Review of IFRS 11 Joint Arrangements.

Project objectives

13. The project objectives are:
- (a) to reduce diversity in practice by answering application questions on the equity method of accounting; and
 - (b) to improve the understandability of IAS 28.

Project approach

14. To achieve the project objectives, the IASB took the following approach:



The Exposure Draft

15. The Exposure Draft proposed amendments to IAS 28 that amended how to apply the equity method of accounting by answering application questions the IASB has received over a number of years. The IASB also proposed new disclosure requirements that will enhance the information entities provide about these investments.
16. The IASB expects the proposed amendments will reduce diversity in practice and provide users of financial statements with more comparable and useful information.

17. IAS 28 was first published in 1989, and the IASB has taken this opportunity to reorder the Standard in a logical and consistent way to help companies with the application of the Standard.

Next steps

18. The staff will prepare a project plan for the next stage of the project and ask IASB to approve the plan.