
IASB[®] meeting

Date	November 2025
Project	Equity Method
Topic	Purchases of an additional ownership interest
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Introduction and purpose of this paper

1. At its September 2025 meeting, the International Accounting Standards Board (IASB) started redeliberating the proposals in the Exposure Draft [*Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)*](#) (the Exposure Draft).
2. The purpose of this paper is for the IASB:
 - (a) to consider the feedback on its proposals in the Exposure Draft relating to the purchases of an additional ownership interest while the investor retains significant influence;
 - (b) to decide whether to proceed with those proposals; and
 - (c) to decide whether to introduce reliefs from applying the proposals.
3. References to 'investor', 'associate' and 'significant influence' should be read as also referring to 'joint venturer', 'joint venture' and 'joint control' in relation to investments in joint ventures in consolidated financial statements.¹

¹ Entities are permitted to use the equity method in separate financial statements for investments in subsidiaries, joint ventures and associates.

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4. References to an ‘investor’s carry-forward book-values’ refer to the fair value of the associate’s net assets at the date the investor obtained significant influence plus post-acquisition changes in the investor’s share in the associate’s net assets.²
5. The proposal discussed in this agenda paper is relevant for other application questions in the project. At a future meeting the staff will ask the IASB to consider the implications of its decision in relation to:
- (a) the proposal that an investor that purchases an additional ownership interest would account for the difference between the fair value of the consideration transferred and the fair value of the additional share of the associate’s identifiable assets and liabilities as either goodwill, included in the carrying amount of the investment, or a gain from a bargain purchase in profit or loss (paragraphs 24 and 31 in the Exposure Draft);
 - (b) the proposal that an investor that has reduced the carrying amount of its investment to nil and purchases an additional ownership interest does not immediately recognise the unrecognised losses as a deduction from the additional ownership interest (paragraph 49 of the Exposure Draft);
 - (c) the proposal that an investor accounts for other increases in its ownership interest as purchases of an additional ownership interest (paragraph 34(a) of the Exposure Draft); and
 - (d) how a parent applies the equity method to its investments in subsidiaries in its separate financial statements.

² For a subsidiary, these would be the consolidated carrying amounts in the group financial statements. However, an investor does not present the associate’s assets and liabilities as separate line items in its statement of financial position.

Staff recommendation

6. The staff's recommendation is that the IASB:
- (a) proceeds with the proposal in the Exposure Draft that at the date of the purchase, an investor measures the additional ownership interest at the fair value of the consideration transferred;
 - (b) proceeds with the proposal in the Exposure Draft that at the date of the purchase, an investor includes in the carrying amount of that additional ownership interest its share of the fair value of the additional share of the associate's identifiable assets and liabilities; and
 - (c) introduces the following reliefs:
 - (i) to permit an investor to use an alternative method when it reasonably expects that the effects on the financial statements would not differ materially from using the fair value of the additional share of the associate's net assets; and
 - (ii) to extend the requirement in paragraph 45 of IFRS 3 *Business Combinations* (the measurement period) to when an investor obtains significant influence of an associate or purchases an additional ownership interest in an associate.

Structure of this paper

7. This paper is structured as follows:
- (a) background (paragraphs 8–13 of this paper);
 - (b) introducing relief from applying the proposal (paragraphs 14–45 of this paper);
 - (c) proceeding with the proposal (paragraphs 46–50 of this paper);
 - (d) staff recommendation (paragraph 51 of this paper);
 - (e) questions for the IASB; and
 - (f) Appendix – Feedback from the Emerging Economies Group members.

Background

Proposals in the Exposure Draft

8. In developing the proposal, the IASB sought to answer the application question:

How does an investor apply the equity method when purchasing an additional interest in an associate while retaining significant influence?

9. The proposals in the Exposure Draft would require an investor that purchases an additional ownership interest while retaining significant influence to:
- (a) measure the cost of the additional ownership interest at the fair value of the consideration transferred;
 - (b) recognise contingent consideration as part of the consideration transferred and measure it at fair value;
 - (c) include in the carrying amount of the additional ownership interest:
 - (i) the additional share of the associate's identifiable assets and liabilities at fair value at the date of purchase;
 - (ii) the deferred tax effects related to the fair value of the additional share of the associate's identifiable assets and liabilities;
 - (d) account for any difference between the fair value of the consideration transferred and the fair value of the additional share of the associate's identifiable assets and liabilities as either goodwill (included in the carrying amount of the investment) or a gain from a bargain purchase in profit or loss; and
 - (e) not immediately recognise unrecognised losses on its previously held investment.
10. In addition, the investor shall not remeasure its previously held interest in the associate.

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11. The paper discusses the proposal in paragraph 9(c)(i) that would require an investor to determine the fair value of the additional share of the associate's identifiable assets and liabilities. This paper does not discuss other proposals in the Exposure Draft because:
- (a) the feedback to the Exposure Draft supported the proposal in paragraphs 9(a).
 - (b) the proposal in paragraph 9(b) also applies to the measurement of the investment when the investor obtains significant influence. This proposal is discussed in agenda paper 13A of this meeting.
 - (c) the proposal in paragraph 9(c)(ii) also applies to the measurement of the investment when the investor obtains significant influence. This proposal will be discussed at a future meeting.
 - (d) as noted in paragraph 5 of this paper, the staff will consider the proposals in 9(d) and 9(e) after the IASB has made tentative decision on the proposal in 9(c)(i).
 - (e) almost all respondents agreed with the investor not remeasuring the previously held interest.

Status of redeliberations

12. At its May 2025 meeting, the IASB discussed a summary of the feedback to the proposal.³ At its September 2025 meeting, the IASB:
- (a) instructed the staff to explore providing relief from the proposal in the Exposure Draft; and
 - (b) decided not to explore providing guidance on how to apply materiality to the proposal in the Exposure Draft.

³ See paragraphs 22—42 of [Agenda Paper 13B](#) for the May 2025 IASB meeting.

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13. At the November 2025 meeting of the Emerging Economies Group, members were asked for their views on possible reliefs from applying the proposal. EEG members expressed mixed views; the appendix to this paper provides a summary of the views expressed.

Introducing relief from applying the proposal

14. Most of the concerns raised on the proposal are about its potential cost and complexity, with less respondents raising concerns about the conceptual merits of the proposal.⁴
15. We agree that in some cases, the cost of determining the fair values of the identifiable assets and liabilities could exceed the benefit of the proposal and we acknowledge that in some cases, it is cumbersome to obtain the necessary information. We think that the IASB can find a balance between the conceptual merit of the proposal and practicality by providing relief from applying the proposal. In the following paragraphs 16–43, we present possible reliefs.

Relief from using fair value

16. The IASB could introduce a relief from the proposal that would allow an investor to use an alternative method to measure the additional share of the associate's identifiable assets and liabilities when the investor reasonably expects that the effect on the financial statements (that is, the effect on the investor's share of the associate's results) would not differ materially from using the fair value of the additional share of the associate's identifiable assets and liabilities. An entity would be allowed to use the relief on a case-by-case basis.

⁴ For an analysis of the other arguments raised against the proposal, see [Agenda Paper 13B](#) for the October 2025 IASB meeting.

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17. We think that this relief would be especially beneficial to investors that conduct frequent purchases of additional ownership interests. In these circumstances, the application of the proposal would require an investor to continuously assess the fair value of the associate's identifiable assets and liabilities at each purchase date, which could be impractical.
18. We think that this relief has the following advantages:
- (a) it would focus not on the materiality of the transaction – that is, whether the investment in the associate, the change in the size of the ownership interest, or the consideration paid are material – but on the materiality of the effects of using the fair value of the additional share of the associate's identifiable assets and liabilities;
 - (b) the relief would not require the IASB setting any quantitative brightline threshold; and
 - (c) the IASB would not need to specify the alternative method to use when the investor is applying the relief.
19. Other IFRS Accounting Standards provide practical expedients of a similar nature, for example IFRS 15 *Revenue from Contracts with Customers* allows an entity to apply the Standard to a portfolio of contracts with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying the Standard to the portfolio would not differ materially from the effects of applying the Standard to the individual contracts within that portfolio. We understand that stakeholders did not report any concern about applying the expedient during the Post-implementation Review of IFRS 15.
20. However, given the comments received during the consultation, some of the respondents might consider that the relief is insufficient because:
- (a) these stakeholders want a wider relief that applies in most cases; and
 - (b) an investor would need to assess the effects of applying an alternative method before being able to apply the relief.

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21. In relation to the concern in paragraph 20(b), in the staff's view an investor could make the assessment without having to determine the fair values of the identifiable assets and liabilities. The investor could consider factors such as:
- (a) whether its share of the associate's profit and loss has had a material effect on its Statement of Profit and Loss in prior periods;
 - (b) the difference between the total consideration transferred for the additional ownership interest compared to the investor's additional share of the associate's net assets based on their book values. If this difference is immaterial, attributing some or all of that difference to the investor's share of the associate's identifiable assets and liabilities might not have a material effect on the investor's share of the associate's results in subsequent periods; and
 - (c) the composition of the associate's identifiable assets and liabilities, for example whether the majority of the associate's assets are already carried at fair value.
22. At its September 2025 meeting, the IASB decided not to develop guidance to assist preparers in applying materiality to the proposal. Therefore, this relief would not include any such guidance. The investor would apply the definition of materiality in the *Conceptual Framework* and the non-mandatory guidance in IFRS Practice Statement 2 *Making Materiality Judgments*. An investor would need to apply judgment in choosing the alternative method and assessing when it would lead to materially different effects compared to the proposal.

Relief—undue cost or effort

23. If the IASB decides to provide a wider relief to that suggested in paragraphs 16–22 of this paper, it could introduce a relief based on 'undue cost or effort'.

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24. The concept of ‘undue cost or effort’ is not defined in IFRS Accounting Standards. Whether the amount of cost or effort is excessive (undue) necessarily requires consideration of how the economic decisions of the users of the financial statements could be affected by the availability of the information. Applying a requirement would result in ‘undue cost or effort’ if either the cost or the endeavours by employees exceed the benefits that the users of the financial statements would receive from having the information. Assessing whether a requirement will result in ‘undue cost or effort’ should be based on information available at the time of the transaction or event about the costs and benefits of the requirement.⁵
25. One way to formulate the relief would be to require an investor to determine the fair value of the additional share of the associate’s identifiable assets and liabilities only when the information to determine the fair values is available without undue cost or effort.
26. If the IASB were to introduce a relief based on ‘undue cost or effort’, in the staff’s view it would need to specify an alternative method to measure the investor’s additional share of the associate’s identifiable assets and liabilities. Respondents have suggested alternative measurement methods. These include:
- (a) measuring the additional share of the associate’s identifiable assets and liabilities using the investor’s carry-forward book-values.
 - (b) measuring the additional share of the associate’s identifiable assets and liabilities using the carrying amounts in the associate’s financial statements.
 - (c) recognising the consideration transferred for the additional interest in full as goodwill included in the carrying amount of the associate.

⁵ See paragraph 2.29 of *IFRS for SMEs* Accounting Standard.

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27. Assuming an increase in the fair value of the associate's identifiable assets and liabilities assets over time, these alternatives attribute a progressively lower portion of the consideration transferred to the additional share of the associate's identifiable assets and liabilities and therefore a progressively higher portion is recognised as goodwill (included in the carrying amount of the investment).
28. In developing the Exposure Draft, the IASB concluded that fair values provide relevant information about the additional share of the associate's identifiable assets and liabilities. If the IASB introduced a relief and decided to specify requirements for an investor that uses the relief, it seems appropriate to select the alternative that is closest to fair value.
29. Assuming an increase in the fair value of the associate's identifiable assets and liabilities over time, the alternative closest to fair value would be the carrying amount in the investor's financial statements (the investor's carry-forward book values), which include the residual fair value adjustments determined at the date significant influence was obtained. The IASB could, in some cases, permit the investor to adjust these amounts for inflation, by applying a relevant general price index.
30. Moreover, using the investor's carry-forward book-values would result in the investor applying a single 'layer' to its share of the associate's identifiable assets and liabilities from the previously held ownership interest and the additional ownership interest. Some respondents expressed a preference for this outcome and said it would be consistent with other proposals in the Exposure Draft.
31. A relief based on 'undue cost or effort' would apply also when its effects on the financial statements would differ materially from using the fair value of the additional share of the associate's net assets. We do not recommend the IASB introduces the relief unless the IASB considers that the relief in paragraphs 16–22 is not sufficient to address the constituents' concerns.

Relief—measurement period

32. Irrespective of the IASB decision in relation to the reliefs described in paragraphs 16–31 of this paper, there are other reliefs that the staff considered.
33. The first relief would be to extend the ‘measurement period’ relief for business combinations to when an investor obtains significant influence over an associate or purchases an additional ownership interest in an associate. Paragraph 45 of IFRS 3 provides a measurement period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination. During the measurement period, the acquirer recognises an increase (decrease) in the provisional amount recognised for an identifiable asset (liability) by means of a decrease (increase) in goodwill. The measurement period cannot exceed one year from the acquisition date.
34. During the consultation, some respondents commented that the requirements in paragraph 45 of IFRS 3 are relevant to obtaining significant influence and the purchase of an additional ownership interest in an associate. Similar to business combinations, an investor in an associate may encounter situations where provisional amounts need to be reported if the measurements of the associate’s identifiable assets and liabilities are incomplete at the end of the reporting period. The impact of measurement period adjustments could be significant depending on facts and circumstances.
35. Paragraph 391 of the Basis for Conclusions of IFRS 3 explains that providing for retrospective adjustments during the measurement period should help to resolve concerns about the quality and availability of information at the acquisition date for measuring the fair values of particular items at that date.

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36. As same concerns apply to an investor obtaining significant influence and the purchase of an additional ownership interest in an it seems reasonable that the same measurement period should be permitted.⁶ For this reason, the staff's recommendation is to add these requirements to IAS 28.

Relief—impracticable

37. The staff considered whether it would be possible to formulate the relief in paragraphs 23–31 using the term 'impracticable'. The Glossary to IFRS Accounting Standards, explains that applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.
38. IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* applies 'impracticable' in relation to the retrospective application of a change in accounting policy or a restatement to correct an error. Similarly, IFRS 18 *Presentation and Disclosure in Financial Statements* applies 'impracticable' in relation to reclassification of comparative information for a particular prior reporting period to achieve consistency with the current period.
39. The possible relief to the proposal using impracticability would not be addressing restatement of past periods so we think that is would not be appropriate to formulate the relief using the term 'impracticable'.

Relief—multiple purchases in a specified time period

40. This relief would permit an investor that makes multiple additional purchases of an associate to use the fair values determined at a prior date. The IASB could specify that an investor is not required to determine the fair values of the associate's identifiable assets and liabilities at the date of purchase of the additional ownership interest if:

⁶ The measurement period does not apply to the purchase of a non-controlling interest. A parent recognises 100% of the subsidiary's net assets at the acquisition date. A parent purchasing a non-controlling interest does not recognise or remeasure the subsidiary's net assets and accounts for the purchase as an equity transaction.

- (a) it used fair values at the date of a prior purchase (including the purchase of the investment when the investor obtained significant influence); and
 - (b) the interval between the prior and additional purchase is, for example, twelve months or less.
- 41. This relief would allow an investor that makes multiple additional purchases in an associate to group purchases within a specified period of time and use the same fair values of the associate's identifiable assets and liabilities for all those purchases.
- 42. However, the relief would require the IASB to set a quantitative threshold for the specified time period. Quantitative thresholds are arbitrary and create a cliff effect – two entities could apply a different measurement to different additional ownership interests only because one purchase falls inside the specified period and the other does not. Moreover:
 - (a) a limited threshold (12 months or less) would provide little relief and would likely be redundant as the change in fair values over the period would be not material;
 - (b) an extended threshold (24 or 36 months) would significantly weaken the general requirement of determining the fair values.
- 43. For these reasons we do not recommend introducing a relief for multiple purchases in a specified time period.

Disclosure

- 44. If the IASB agrees with the staff recommendation, or introduces any other relief, then the IASB should decide whether an investor applying the relief should disclose the fact. Other IFRS Accounting Standards require such disclosure, for example:
 - (a) paragraph 129 of IFRS 15 requires an entity that elects to use the practical expedient in either paragraph 63 (about the existence of a significant financing component) or paragraph 94 (about the incremental cost to obtain a contract) to disclose the fact; and

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- (b) paragraph 60 of IFRS 16 *Leases* requires a lessee that applies the recognition exemption for short-term leases or leases of low-value assets to disclose the fact.
45. This aspect will be discussed when the IASB will deliberate its proposals on the disclosure requirements.

Proceeding with the proposal

46. Paragraphs 16–43 of this paper consider possible reliefs to the proposal in the Exposure Draft. An alternative approach to considering relief to the proposals would be to amend the proposal and provide different requirements for measuring the investor's additional ownership interest, for example requiring an investor to use the carry-forward book-values to measure the additional share of the associate's identifiable assets and liabilities.
47. The arguments in favour of setting out different requirements over introducing a relief are:
- (a) all entities would measure the additional share of the associate's identifiable assets and liabilities in the same way; and
 - (b) entities would not be required to use judgment in assessing whether and how to apply the relief(s).

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48. As explained in paragraph 30 of this paper, using the investor's carry-forward book-values would result in the investor applying a single 'layer' to its share of the associate's identifiable assets and liabilities from the previously held ownership interest and the additional ownership interest. Some respondents argued there is an inconsistency between proposals in the Exposure Draft for the purchase of an additional ownership interest and the proposals for the disposal of an ownership interest while the investor retains significant influence. These respondents note that purchases of additional interests are proposed to be recognised as separate layers, while disposals are proposed to be measured as a proportion of the carrying amount of the investment. Requiring the use of the investor's carry-forward book-values would address this alleged inconsistency.
49. The arguments in favour of proceeding with the proposal in the Exposure Draft are:
- (a) the proposal is consistent with the equity method procedures when an investor obtains significant influence;
 - (b) some investors might purchase the additional ownership interest with a view to obtaining control at a future date. In that case, paragraph 42 of IFRS 3 requires the acquirer to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss in profit or loss; applying the proposal would result in a lower remeasurement at acquisition-date;
 - (c) the proposal provides relevant information and results in a faithful representation of the purchased goodwill;
 - (d) most of the objections to the proposal were based on considerations about cost and complexity. The proposed relief(s) address those concerns; and
 - (e) some respondents confirmed that the proposal is aligned to the practice in their jurisdiction.
50. Considering the arguments in paragraphs 47–49 of this paper, in the staff's view the IASB should proceed with the proposal in the Exposure Draft and introduce reliefs.

Staff recommendation

51. The staff's recommendation is that the IASB:
- (a) proceeds with the proposal in the Exposure Draft that at the date of the purchase, an investor measures the additional ownership interest at the fair value of the consideration transferred;
 - (b) proceeds with the proposal in the Exposure Draft that at the date of the purchase, an investor includes in the carrying amount of that additional ownership interest its share of the fair value of the additional share of the associate's identifiable assets and liabilities;
 - (c) introduces the following reliefs:
 - (i) to permit an investor to use an alternative method when it reasonably expects that the effects on the financial statements would not differ materially from using the fair value of the additional share of the associate's net assets; and
 - (ii) to extend the requirement in paragraph 45 of IFRS 3 *Business Combinations* (the measurement period) to the obtaining significant influence of an associate and the purchase of an additional ownership interest in an associate.

Questions for the IASB

- (a) Does the IASB agree with the staff recommendation in paragraph 51 of this paper?
- (b) If the IASB does not agree with the staff recommendation in paragraph 51(c)(i), does the IASB agree to introduce a relief based on 'undue cost or effort' – see paragraphs 23–31 of this paper?

Appendix – Feedback from Emerging Economies Group members

- A1. Paragraphs A2–A3 of this appendix are a draft summary of the discussion on potential reliefs to the proposals in the Exposure Draft at the November 2025 Emerging Economies Group (EEG) meeting. The final meeting summary will be posted to [IFRS - Emerging Economies Group](#).
- A2. At the November 2025 meeting of the EEG, members were asked for their views on possible reliefs from applying the proposal in the Exposure Draft.
- A3. EEG members expressed mixed views on possible reliefs:
- (a) all members supported the introduction of a relief.
 - (b) two members supported a relief that would allow investors to use an alternative method to measure the additional share of the associate's identifiable assets and liabilities when the investor reasonably expects that the effects on the financial statements would not differ materially from using the fair value of the additional share of the associate's identifiable assets and liabilities. One of the members said that this relief is preferable because it does not require setting a threshold and that a relief based on 'undue cost or effort' would not be sufficient to address the complexity of the proposal.
 - (c) two members supported a relief that would allow using the investor's carry-forward book values under specific conditions. One of the members suggested using a combination of time interval, size of the purchase, stability of fair values and balance between cost and benefit. The member said this relief is preferable because it involves less judgment and would be applied more consistently.
 - (d) one member said they supported the use of fair values and a relief based on 'undue cost or effort' especially when the investment in the associate is held indirectly by a subsidiary.
 - (e) in addition, two members supported extending the 'measurement period' relief in IFRS 3 to associates.