
IASB[®] meeting

Date **October 2025**
Project **Equity Method**
Topic **Cover paper**
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Introduction and purpose of this meeting

1. In 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).
2. At its September 2025 meeting, the IASB started redeliberating the proposals in the Exposure Draft.
3. The purpose of this meeting is to continue redeliberating the proposals in the Exposure Draft, taking into consideration the feedback on the proposals. Paragraph 8 of this paper details the papers for discussion at this meeting.

Structure of this paper

4. This paper is structured as follows:
 - (a) project background (paragraphs 5–7 of this paper);
 - (b) papers for this meeting (paragraph 8 of this paper);
 - (c) next steps (paragraph 9 of this paper); and
 - (d) Appendix A—Summary of the IASB's decisions in the project plan and redeliberating the proposals in the Exposure Draft to date.

Project background

5. 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.
6. In the Exposure Draft, the IASB proposed amendments to IAS 28 that answered application questions within the project's scope, including improvements to disclosure requirements. The IASB also proposed to reorder the requirements in IAS 28 in a more logical and consistent way to help with its application.
7. At its May 2025 meeting, the IASB discussed a summary of the feedback on its Exposure Draft. At its June 2025 meeting, the IASB discussed the plan for the next stage of the project. See Appendix A of this paper for further details.

Papers for this meeting

8. Agenda papers for discussion at this meeting include:
 - (a) Agenda Paper 13A *Acquisition-related costs*. This paper recommends the IASB:
 - (i) requires an investor, on obtaining significant influence of an associate, or a joint venturer, on obtaining joint control of a joint venture, and on purchasing of an additional ownership interest, to recognise acquisition-related costs as part of the 'cost of the associate or joint venture', or as part of the cost of the additional ownership interest, using the descriptions in IFRS IC July 2009 Agenda Decision.
 - (ii) requires an investor to apply prospectively the requirement in (i) from the transition date.

- (b) Agenda Paper 13B *Transactions with associates*. This paper recommends, as a next step in considering the feedback on the proposal to recognise gains or losses in full resulting from all transactions with associates and joint ventures, the IASB explores concerns about possible earnings management and whether enhancing disclosures or adding guidance could resolve these concerns.
- (c) Agenda Paper 13C *Transactions with associates—consideration of possible earnings management and enhancing disclosures (or guidance)*. This paper is a supporting paper for, and should be read in conjunction with, Agenda Paper 13B of this meeting. This paper does not include staff recommendations.

Next steps

9. The IASB will continue redeliberating the proposals in the Exposure Draft.

Appendix A—Summary of the IASB’s decisions in the project plan and redeliberating the proposals in the Exposure Draft to date

Table A1—IASB’s decisions

IASB Meeting	Topic	IASB’s decisions
May 2025	Overview of feedback on the proposals—including feedback on the project objective and approach	1. The IASB discussed a summary of the feedback from comment letters and from outreach activities on its Exposure Draft. The IASB was not asked to make any decisions.
June 2025	Project plan for redeliberation of the Exposure Draft proposals	2. The IASB decided: - to keep the project’s objectives unchanged; - to consider adding application questions to the project’s scope only if they can be resolved in a timely manner and would not result in re-exposure of the proposals in the Exposure Draft—that is, to use a high hurdle when considering adding application questions to the project’s scope; and - to proceed with redeliberating the proposals in the Exposure Draft. 3. The IASB also decided not to describe a project on a fundamental review of the equity method in the request for information on the IASB’s Fourth Agenda Consultation.

IASB Meeting	Topic	IASB's decisions
September 2025	Scope of the project— Consideration of additional application questions	4. The IASB decided: - to add to the scope of the project the application question ‘How does an investor recognise acquisition-related costs when applying the equity method?’. - not to add to the scope of the project an application question on obtaining significant influence over an associate that does not constitute a business. 5. The IASB also decided: - not to add to the scope of the project an application question on qualifying criteria for using the fair value option in accordance with paragraphs 18–19 of IAS 28. - instead, to explore whether to clarify these paragraphs, which permit specified entities to measure investments within the scope of the Standard at fair value through profit or loss.
	Changes in an investor's ownership interest—Purchase of an additional interest	6. In considering the feedback on the proposed answer to the application question ‘How does an investor apply the equity method when purchasing an additional interest in an associate while retaining significant influence?’, the IASB decided: - to explore providing relief from the proposal in the Exposure Draft. - not to explore providing guidance on how to apply materiality to the proposal in the Exposure Draft.