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**IASB<sup>®</sup> meeting**

Date	<b>April 2026</b>
Project	<b>Equity Method</b>
Topic	<b>Cover paper</b>
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

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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. The purpose of this meeting is to continue redeliberating the proposals in the Exposure Draft, taking into consideration the feedback on those proposals. Paragraphs 11–13 of this paper details the papers for discussion at this meeting.
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.<sup>1</sup>

**Structure of this paper**

4. This paper is structured as follows:
  - (a) project background (paragraphs 5–10);
  - (b) papers for this meeting (paragraphs 11–13);
  - (c) next steps (paragraphs 14–15); and

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

- (d) Appendix A—Summary of the IASB’s decisions/tentative decisions in the project plan and on redeliberating the proposals in the Exposure Draft to date.

## Project background and status of redeliberations

### *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 a revised IAS 28 that amended the requirements in the Standard to answer application questions within the project’s scope and reorder the requirements in a more logical and consistent way to help with its application.

### *Status of redeliberations*

7. At its May 2025 meeting, the IASB discussed a summary of the feedback on its Exposure Draft.
8. 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.
9. At its September 2025 meeting, the IASB started redeliberating the proposals in the Exposure Draft.
10. A summary of the IASB’s tentative decisions in redeliberating the proposals in the Exposure Draft including a summary of IASB’s decisions on the project plan is set out in Appendix A of this paper.

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## Papers for this meeting

11. Agenda papers for discussion at this meeting include:
  - (a) Agenda Paper 13A *Cost of an associate—other matters*; and
  - (b) Agenda Paper 13B *Purchases of an additional interest—other matters*.

### ***Agenda Paper 13A Cost of an associate—other matters***

12. Agenda Paper 13A asks the IASB:
  - (a) to consider the feedback on three matters related to its proposals in the Exposure Draft relating on the measurement of the initial cost of an associate; and
  - (b) to decide whether to proceed with the proposal.

### ***Agenda Paper 13B Purchases of an additional interest—other matters***

13. Agenda Paper 13B is for the IASB:
  - (a) to consider the feedback on two matters related to its proposals in the Exposure Draft relating on purchases of additional ownership interests while the investor retains significant influence; and
  - (b) to decide whether to proceed with those proposals.

## Next steps

14. The IASB will continue redeliberating the proposals in the Exposure Draft.
15. The staff will ask the IASB to make a decision about the project direction in the second quarter of 2026, after the IASB has discussed the feedback from additional outreach on transactions with associates and made a tentative decision on how to proceed with the proposal in the Exposure Draft.

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

Table A1—IASB’s decisions in the project plan

Topic	IASB Meeting	IASB’s decisions
Overview of feedback on the proposals—including feedback on the project objective and approach	<a href="#">May 2025</a>	<ol style="list-style-type: none"> <li>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.</li> </ol>
Project plan for redeliberation of the Exposure Draft proposals	<a href="#">June 2025</a>	<ol style="list-style-type: none"> <li>1. The IASB decided:               <ol style="list-style-type: none"> <li>(a) to keep the project’s objectives unchanged;</li> <li>(b) 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</li> <li>(c) to proceed with redeliberating the proposals in the Exposure Draft.</li> </ol> </li> <li>2. 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.</li> </ol>

Topic	IASB Meeting	IASB's decisions
Scope of the project— Consideration of additional application questions	<a href="#">September 2025</a>	<p>3. The IASB decided:</p> <ul style="list-style-type: none"> <li>(a) to add to the scope of the project the application question 'How does an investor recognise acquisition-related costs when applying the equity method?'</li> <li>(b) 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.</li> </ul> <p>4. The IASB also decided:</p> <ul style="list-style-type: none"> <li>(a) 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.</li> <li>(b) 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.</li> </ul>



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		<p>(b) to purchase an additional ownership interest in an associate or joint venture—to be recognised as an expense in profit or loss in the period in which the costs are incurred.</p> <p>5. The IASB also tentatively decided to require an investor or joint venturer to apply the requirements in (4) prospectively from the transition date.</p>
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<p>Changes in an investor's ownership interest— Disposal of a portion of an investment in an associate</p>	<p><a href="#">November 2025</a></p>	<ol style="list-style-type: none"> <li>1. The IASB tentatively decided to proceed with its proposals to require an investor or joint venturer disposing of a portion of an investment:             <ol style="list-style-type: none"> <li>(a) to measure the disposed portion as a percentage of the carrying amount of the investment (calculated as the disposed ownership interest divided by the total ownership interest); and</li> <li>(b) to recognise the difference between the consideration received and the portion derecognised as a gain or loss in profit or loss.</li> </ol> </li> </ol>
<p>Other changes in an investor's ownership interest</p>	<p><a href="#">March 2026</a></p>	<ol style="list-style-type: none"> <li>1. The IASB tentatively decided to retain the proposal to require an investor that retains significant influence over an associate when its ownership interest changes:             <ol style="list-style-type: none"> <li>(a) to apply paragraphs 30–31 of the Exposure Draft to an increase in its ownership interest, as if the investor had purchased an additional ownership interest; and</li> <li>(b) to apply paragraphs 32–33 of the Exposure Draft to a decrease in its ownership interest, as if the investor had disposed of an ownership interest.</li> </ol> </li> <li>2. The IASB tentatively decided:             <ol style="list-style-type: none"> <li>(a) not to provide illustrative examples of some fact patterns to clarify how an investor would apply paragraphs 30–33 of the Exposure Draft.</li> <li>(b) not to introduce a requirement for an investor to recognise its share of the expense and the corresponding adjustment to the carrying amount of the investment during the vesting period of an equity-settled share-based payment transaction;</li> <li>(c) not to provide an exemption from applying paragraphs 30–33 of the Exposure Draft for transactions to which an investor is not a party, including those that occur outside an immediate associate;</li> <li>(d) not to introduce requirements for hybrid instruments (for example, hybrid instruments that affect dividend distribution but not voting rights); and</li> <li>(e) not to introduce requirements for when an investor could combine transactions.</li> </ol> </li> </ol>

<p>Transactions with associates</p>	<p><a href="#">October 2025</a> <a href="#">February 2026</a></p>	<p>1. In considering the feedback on the proposal to recognise in full gains or losses resulting from all transactions with associates and joint ventures, the IASB decided to undertake further work:</p> <ul style="list-style-type: none"> <li>(a) to understand the concerns of respondents who said the proposals could increase opportunities for earnings management; and</li> <li>(b) to understand whether enhancing disclosures or adding guidance might resolve these concerns.</li> </ul> <p>The IASB discussed the feedback from the further work undertaken in February 2026..</p>
<p>Impairment of an investment</p>	<p><a href="#">February 2026</a></p>	<p>1. The IASB tentatively decided to retain guidance from IAS 28:</p> <ul style="list-style-type: none"> <li>(a) to explain that a single, discrete event might not by itself indicate an impairment and that instead the combined effect of several events might indicate an impairment; and</li> <li>(b) to clarify that the investor is required to consider observable information that comes to its attention when the investor determines whether its net investment in an associate might be impaired.</li> </ul> <p>2. The IASB tentatively decided:</p> <ul style="list-style-type: none"> <li>(a) to proceed with its proposal to replace 'decline in the fair value of an investment ... below its cost' in paragraph 41C of IAS 28 with 'decline in the fair value ... to less than its carrying amount';</li> <li>(b) to proceed with its proposal to remove from IAS 28 the reference to a 'significant or prolonged' decline in fair value;</li> <li>(c) to proceed with its proposal to explain that an investor considers observable price information—such as the quoted market price, the price paid to purchase an additional interest in the associate, or the price received to sell part of the interest—when the investor determines whether its net investment might be impaired; and</li> <li>(a) to clarify that for a publicly traded associate, the investor considers the quoted market price at the reporting date.</li> </ul>

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		<p>3. The IASB tentatively decided:</p> <ul style="list-style-type: none"><li>(a) not to move the impairment requirements from IAS 28 to IAS 36 <i>Impairment of Assets</i>; and</li><li>(b) not to consider two application issues relating to the reversal of an impairment loss</li></ul>
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