
IASB[®] meeting

Date **February 2026**
Project **Equity Method**
Topic **Cover paper**
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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[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

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 11–18 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.¹

Structure of this paper

4. This paper is structured as follows:
 - (a) project background (paragraphs 5–10);
 - (b) papers for this meeting (paragraphs 11–18);
 - (c) next steps (paragraph 19); and

¹ 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.

Papers for this meeting

11. Agenda papers for discussion at this meeting include:
- (a) Agenda Paper 13A *Impairment of an investment—Impairment indicators*;
 - (b) Agenda Paper 13B *Impairment of an investment—Other matters*; and
 - (c) Agenda Paper 13C *Transactions with associates—Feedback from further work*.

Impairment of an investment

12. The IASB proposed in the Exposure Draft:
- (a) to replace ‘decline...below cost’ in paragraph 41C of IAS 28 with ‘decline...to less than its carrying amount’;
 - (b) to remove the reference to a ‘significant or prolonged’ decline in fair value; and
 - (c) to add requirements to IAS 28 explaining that information about the fair value of the investment might be observed from the price paid to purchase an additional interest in the associate or received to sell part of the interest, or from a quoted market price for the investment.
13. The IASB also proposed to reorganise the requirements in IAS 28 relating to impairment to make them easier to apply, and to align their wording with the requirements in IAS 36 *Impairment of Assets*.
14. Agenda Paper 13A asks the IASB to consider the feedback on its proposals in the Exposure Draft relating to impairment indicators and to decide whether to proceed with those proposals.
15. Agenda Paper 13B considers other aspects of the feedback relating to impairment of an investment in an associate.

Transactions with associates

16. The IASB proposed in the Exposure Draft that an investor would recognise gains and losses in full resulting from all ‘upstream’ and ‘downstream’ transactions with its associates, including transactions involving the loss of control of a subsidiary.
17. At its October 2025 meeting, the IASB considered the feedback on the proposal in the Exposure Draft. In considering the feedback, the IASB decided to undertake further work to understand the concerns of those who disagreed with the proposal and to discuss their concerns with other stakeholders.
18. Agenda Paper 13C presents to the IASB the feedback from the further work to understand the concerns on the proposal relating to transactions with associates. The IASB is not asked to take any decisions on this paper at this meeting.

Next steps

19. The IASB will continue redeliberating the proposals 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	May 2025	<ol style="list-style-type: none"> 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.
Project plan for redeliberation of the Exposure Draft proposals	June 2025	<ol style="list-style-type: none"> 2. The IASB decided: <ul style="list-style-type: none"> • 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.

Topic	IASB Meeting	IASB's decisions
Scope of the project— Consideration of additional application questions	September 2025	<p>4. The IASB decided:</p> <ul style="list-style-type: none"> 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. <p>5. The IASB also decided:</p> <ul style="list-style-type: none"> 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.

Table A2—IASB’s decisions/tentative decisions on redeliberating the proposals in the Exposure Draft

Topic	IASB Meeting	IASB’s decisions
Measurement of the cost of an associate—on and after obtaining significant influence or joint control	November 2025	<ol style="list-style-type: none"> The IASB tentatively decided to proceed with its proposals to require an investor or joint venturer on obtaining significant influence or joint control: <ul style="list-style-type: none"> to measure the cost of an associate or a joint venture at the fair value of the consideration transferred, including the fair value of any previously held interest in the associate or joint venture; and to recognise contingent consideration as part of the consideration transferred and measure it at fair value. The IASB tentatively decided to proceed with its proposals to require an investor or joint venturer after obtaining significant influence or joint control: <ul style="list-style-type: none"> not to remeasure contingent consideration classified as an equity instrument; to measure other contingent consideration at fair value at each reporting date; and to recognise changes in fair value in profit or loss. The IASB tentatively decided to proceed with its proposals to require an investor or joint venturer when purchasing an additional ownership interest in an associate or joint venture to apply the requirements described in (2).
Measurement of the cost of an associate—Acquisition-related costs	October 2025	<ol style="list-style-type: none"> The IASB tentatively decided to require acquisition-related costs incurred by an investor or joint venturer: <ul style="list-style-type: none"> to obtain significant influence or joint control—to be recognised as an expense in profit or loss in the period in which the costs are incurred. 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.

		5. The IASB also tentatively decided to require an investor or joint venturer to apply the requirements in (4) prospectively from the transition date.
Changes in an investor's ownership interest— Purchase of an additional ownership interest	September 2025	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: <ul style="list-style-type: none"> 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.
Transactions with associates	October 2025	7. 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: <ul style="list-style-type: none"> to understand the concerns of respondents who said the proposals could increase opportunities for earnings management; and to understand whether enhancing disclosures or adding guidance might resolve these concerns.
Purchases of an additional ownership interest	November 2025	8. The IASB tentatively decided to proceed with its proposal to require an investor or joint venturer, at the date of purchase of an additional ownership interest, to measure that interest at the fair value of the consideration transferred. 9. The IASB tentatively decided to proceed with its proposal to require an investor or joint venturer, at the date of purchase, to include in the carrying amount of the investment its additional share of the fair value of the associate's or joint venture's identifiable assets and liabilities. 10. The IASB decided to explore providing investors or joint venturers with a relief from measuring the additional share of the associate's or joint venture's identifiable assets and liabilities at fair value.

		11. The IASB also tentatively decided to extend the measurement period described in paragraph 45 of IFRS 3 <i>Business Combinations</i> to when an investor obtains significant influence or joint control over an associate or joint venture or purchases an additional ownership interest in an associate or joint venture.
Disposal of a portion of an investment in an associate	November 2025	<p>12. The IASB tentatively decided to proceed with its proposals to require an investor or joint venturer disposing of a portion of an investment:</p> <ul style="list-style-type: none"> • 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 • to recognise the difference between the consideration received and the portion derecognised as a gain or loss in profit or loss.