IFRS Accounting

Staff paper

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IASB® meeting

Date	**February 2026**
Project	**Equity Method**
Topic	**Transactions with associates—feedback from further work**
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Introduction and purpose of this paper

1. At its October 2025 meeting, the International Accounting Standards Board (IASB) started to consider the feedback on the proposal in the Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)* that an investor recognises 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 (the proposal).

2. Most respondents who commented agreed with the proposal. However, there are geographical differences in the response:

    (a) almost all respondents in the Global, Europe, the Americas, and Africa regions agreed with the proposal; and

    (b) many respondents in the Asia-Oceania region agreed with the proposal, whereas some respondents (mostly from Japan and China) disagreed.

3. Respondents who agreed with the proposal said requiring investors to recognise gains and losses in full:

   (a) provides users with more useful information than that provided by restricting gains and losses;

   (b) resolves the longstanding inconsistency between IAS 28 *Investments in Associates and Joint Ventures* and IFRS 10 *Consolidated Financial Statements*;[1]

   (c) is consistent with both the *Conceptual Framework for Financial Reporting* and other IFRS Accounting Standards, because an associate is not within the definition of a group;

   (d) is simple and less burdensome/costly than the treatment currently required by IAS 28; and

   (e) resolves other application questions related to the requirement to restrict gains and losses under IAS 28 (as described in Appendix A of this paper).

4. A few respondents who agreed with the proposal cautioned about possible earnings management/structuring opportunities.

5. Respondents (mostly from Japan and China) who disagreed with the proposal said:

   (a) the proposed change to the requirements in paragraph 28 of IAS 28 is inconsistent with the project objective, which is to answer application questions without undertaking a fundamental review of the equity method;

   (b) the requirements in paragraph 28 of IAS 28 are consistent with the view that the equity method is a one-line consolidation method; and

   (c) the proposal might lead to earnings management/structuring opportunities.

[1] If an investor loses control of a subsidiary in a transaction with an associate, the requirement in IAS 28 *Investments in Associates and Joint Ventures* to recognise only a portion of the gains or losses is inconsistent with the requirement in IFRS 10 *Consolidated Financial Statements* to recognise in full the gain or loss on losing control of a subsidiary.

6. The IASB decided to undertake further work to understand the concerns of those who disagreed with the proposals (that is, focusing on Chinese and Japanese stakeholders) and discuss these concerns with other stakeholders.

7. Following its October 2025 meeting, IASB members and staff:

   (a) met with Japanese stakeholders (preparers, accounting firms and users);;

   (b) met with Chinese stakeholders including preparers and users in a meeting organised by the Chinese Accounting Standards Committee;

   (c) discussed the concerns of those that disagreed with the proposal with preparers that are members of Business Europe;

   (d) met with regulators; and

   (e) discussed the feedback on the proposal with the Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) and whether additional disclosure - on upstream transactions or pricing and rationale for the transactions - could be a way forward.

8. To understand their concerns, IASB members and staff:

   (a) obtained verbal feedback and written comments from Chinese meeting participants.

   (b) obtained verbal feedback and written comments to support the discussion from Japanese meeting participant preparers.

   (c) sought clarification on some of the concerns raised by Japanese preparers, including asking how preparers communicate performance of the consolidated group to users of financial statements to understand performance.

9. The IASB will seek input from members of Accounting Standards Advisory Forum (ASAF) on aspects of the feedback presented in this paper at their March 2026 meeting.

10. The purpose of this paper is to present to the IASB the further feedback from meetings with stakeholders. This paper does not involve any analysis by the staff and the IASB is not asked to make any decisions on this paper. At a future meeting, the staff will present possible ways forward.

11. 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, unless indicated otherwise.

Structure of this paper

12. This paper is structured as follows:

    (a) overall messages (paragraphs 13–15);

    (b) feedback on the proposal:

        (i) effect of the proposal on information reported in financial statements (paragraphs 16–40);

        (ii) earnings management (paragraphs 41–42);

        (iii) availability of information and cost-benefit assessment of the proposal (paragraphs 43–47);

        (iv) disclosures (paragraphs 48–50);

        (v) consistency with the project objective (paragraphs 51–55);

        (vi) alternatives suggested by stakeholders (paragraphs 56–59);

    (d) question for the IASB;

    (e) Appendix A—Application questions—transactions with associates; and

    (f) Appendix B—2014 amendment.

Overall messages

13. All groups of Japanese and Chinese meeting participants strongly disagreed with the proposal. They said their primary concerns include:

    (a) Recognition in full of gains or losses from transactions with associates will lead to significant distortions in profits and losses and result in a presentation that is less aligned with the business model of investors.

    (b) Recognition in full of gains and losses from transactions with associates is inconsistent with the fundamental principle that an investor recognises its share of the investee's financial performance based on its ownership interest. These gains and losses should also be recognised only to the extent of the investor's interest.

    (c) The IASB should not introduce such fundamental change without undertaking a fundamental review of the equity method. The inconsistency between IAS 28 and IFRS 10 *Consolidated Financial Statements* does not justify the need for such fundamental change because sales of businesses to an associate are relatively infrequent.

14. Discussion with some European preparers (see paragraph 40 of this paper) about the concerns of Japanese and Chinese meeting participants did not affect these preparers' support for the proposal. These European preparers continue to agree with the IASB's cost– benefit assessment of the proposals.

15. Some meeting participants including some regulators expressed concerns about earnings management opportunities (see paragraph 41 of this paper).

Feedback on the proposals

Effect of the proposal on information reported in financial statements

Use of associates in Japan and China

16. Chinese and Japanese meeting participants emphasised that investment in associates is pervasive in their jurisdictions and is an important feature of how entities conduct their business.

17. Chinese meeting participants provided their research results and said:

    (a) a large percentage of Chinese listed companies apply the equity method, in a proportion they believe to be substantially higher than in other jurisdictions.

    (b) their views were formed through extensive consultations with a vast number of stakeholders (through discussions with preparers, regulators and other stakeholders). In China, over 3,000 listed companies use the equity method.

18. Chinese meeting participants explained that in China, large companies often form joint ventures or invest in associates, with some ownership interests being close to 50%. These investees are integral to their operations and are in effect, part of the group. A Chinese automotive preparer explained that its entity operates its businesses with various investees, associates, joint ventures and subsidiaries, for parts manufacturing, OEM (Original Equipment Manufacturer), and automotive sales, often appointing directors in those investees.

19. Chinese meeting participants said although companies do not control these investees, having significant influence or joint control nonetheless enables them to participate in key operational and financial decisions.

20. Japanese meeting participants explained that Japanese companies invest overseas to obtain control. However, certain jurisdictions impose foreign ownership restrictions. Consequently, control cannot be obtained. Even so, Japanese companies establish a close business relationship with their overseas investee and operate in a manner

closely aligned with their core business. Japanese preparers taking part in the meeting explained their business models:

(a) A Japanese trading company (the company operates globally with a large number of consolidated subsidiaries and investees accounted for using the equity method) explained that:

   (i) overseas sales companies are often formed as joint ventures or associates instead of subsidiaries due to foreign investment regulations and/or the need for a local presence in each jurisdiction.

   (ii) natural resource businesses, due to the large amount of investment required, are set up through joint venture or associates.

   (iii) investments in associates, joint ventures and subsidiaries are managed without distinction by their structure, generating similar business transactions and governance structures. Consequently, the same accounting for transactions between investors and all investees, (to restrict gains and losses) provides more useful and comparable information.

(b) A Japanese automotive company said joint ventures are an important part of their business model, particularly in China for sales operations. Users analyse the performance of Chinese operations in the same manner as performance in other regions where subsidiaries are more prevalent for sales operations. Vehicle sales units are disclosed after adjusting transactions with subsidiaries and joint ventures in a similar manner, which aligns with user expectations.

21. Japanese meeting participants including users said that associates often have the same role as subsidiaries, such as selling investors' products as subsidiaries in their businesses.

22. One CMAC member from Hong Kong said that in Asia, associates are more frequently used to conduct business than in other areas of the world, and therefore, the effect of the proposal will be more significant in this region.

23. Given the widespread use of associates in China and Japan, the participants were of the view that the proposal would have a more significant effect in their jurisdictions compared to other jurisdictions.

24. Some meeting participants said that the different feedback from other jurisdictions is, in their view, due to different ways in which associates are used in the business models of companies. They suggested that respondents in jurisdictions where the use of associates is not pervasive might be more inclined to agree with the proposals.

25. In their view, the analysis of the feedback should carefully consider the impact of different business models across jurisdictions and the views of economies that use associates pervasively. It is inappropriate for the IASB to look only at the number of comment letters from the consultation and conclude that this is a ‘minority’ view.

Perceived negative implication for users

26. Chinese meeting participants said that users generally view transactions with associates as different from transactions with third parties. Full recognition would not distinguish these gains and losses from gains and losses recognised on transactions with third parties.

27. Their research indicated that restricting gains and losses provides decision useful information that meets stakeholders' information needs and that the proposal would not help users to analyse an entity's profitability accurately. The argument that full recognition of gains and losses brings accounting profits closer to cash flows and therefore aids in estimating future cash flows is unconvincing to these users, because neither full nor partial recognition affects actual cash flows. Also, the price to earnings ratio, rather than the discounted cash flow method, is the prevalent valuation method for these investments in China.

28. In their view, gains or losses from transactions with associates are realised in full only when the related assets are transferred to a third party. The proposal would lead to recognition of a portion of unrealised gains and losses (which they believe would

significantly distort profits and losses) and severely lower the quality of financial information. One CMAC member from China expressed the same view.

29. As a consequence, the proposal would force users in China to adjust reported profits to reinstate the effect of restricting gains and losses.

30. Japanese meeting participants also expressed the view that restricting gains or losses reflects the economic substance of transactions with associates, that have often the same role as subsidiaries in their business models. This accounting treatment is a natural consequence of equity method of accounting, under which an investor recognises its share of the associate's results.

31. Japanese meeting participants users confirmed that they analyse the consolidated performance of entities based on the assumption that gains and losses are restricted until assets are sold to third parties. If those gains were not restricted, they would consider the company's profit (and assets) to be overstated. A credit side user said it would distort their analysis about asset valuation. A CMAC member expressed the same view. This CMAC member said he thought that for entities with immaterial investments in associates, full recognition of those gains or losses is already a common practice.

32. One CMAC member from France said he was in favour of recognising gains and losses in full and adding disclosures about the gains. He said users can miss the information when the gains are recognised over time.

33. Three GPF members from Japan, China and Brazil, and a regulator from Brazil, stated that in their view, gains or losses in transactions with associates are fully realised only when goods are transferred to a third party. Full recognition of gains or losses would not reflect the economic substance of the transaction.

Communication of performance to shareholders

34. Some Japanese preparers explained:

    (a) for some groups in their jurisdiction, up to half of their profit or loss is attributable to associates and joint ventures, therefore operating profit before share of the profit or loss from associates is insufficient to explain their financial performance. All voluntary disclosures, including segment performance, use profit or loss attributable to shareholders. In their view, the proposal would change the basis of profit or loss from investments in associates and joint ventures and that of subsidiaries, substantially affecting performance metrics monitored by users and management.

    (b) users focus on profit or loss attributable to shareholders for the period and rarely ask questions about other subtotals such as profits for the year.

    (c) users analyse profit or loss on the assumption that the accounting treatment for subsidiaries and the treatment for investments accounted for using the equity method are comparable.

Effects on reporting periods

35. IASB members and staff explained that the proposal would not affect the total amount of gains or losses, but only the timing of their recognition.

36. Chinese meeting participants said that they consider full recognition to violate basic accounting principles of the reporting period and, in their view, prudence.[2] In their view, recognition of gains and losses in full is a recognition of unrealised gains and losses and essentially brings future gains and losses into the current period's financial statements, which deviates from the accrual basis of accounting.

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[2] Paragraph 2.16 of *Conceptual Framework for Financial Reporting* states, 'Prudence is the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that assets and income are not overstated and liabilities and expenses are not understated. Equally, the exercise of prudence does not allow for the understatement of assets or income or the overstatement of liabilities or expenses.'

37. A Chinese automobile company explained the effects on reporting periods and how the restriction of gains and losses is managed:

    (a) a large volume of upstream and downstream transactions occurs daily. For a variety of reasons, sales and purchase volumes with associates fluctuate yearly. Therefore, the effect at the beginning and end of the year could differ.

    (b) unsold parts purchased from investees are traced using an ERP system.

38. A Chinese steel producer company said although their sales and purchase volumes with associates have been stable over recent years, they cannot assume this will continue in the future. The impact on financial statements could be significant.

39. Japanese preparers said one-off transactions, such as restructuring, the sale of idle land, properties, subsidiaries, or a one-time fee charged to associates, which is recognised as property, plant and equipment by associates, can have a material effect on profit and loss.

40. Business Europe, in contrast, support the proposal conceptually and practically. They said monitoring and recognising the reversal of the restricted gain and loss on one-off transactions is time consuming and costly. A Business Europe member said monitoring can be costly when licences are sold to associates and therefore a sale is recognised by the investor and an intangible asset is recognised by the associate. An investor would no longer be required to gather the information required for restricting gains and losses. In some cases, timely access to information could be an issue (see paragraph 45 of this paper).

Earnings management

41. Some meeting participants, including some regulators, expressed concerns that the proposal would increase earnings management opportunities. These participants said:

    (a) Recognition of gains and losses in full creates opportunities to manipulate timing differences. Management might intentionally accelerate or delay transactions to achieve favourable outcomes.

(b) Recognition of gains and losses in full would treat these transactions as if they are transactions with a third party even if associates are related parties in accordance with IAS 24 *Related Party Disclosures*.

(c) Determining whether an investor controls an investee can, in some circumstances, involve judgement. The proposal could create an incentive to demonstrate an investment is not controlled, especially when the ownership interest is close to 50%.

42. Some regulators stressed the need for greater transparency of related party transactions due to inherent risks. These regulators asked for specific disclosure requirements, such as the rationale for a transaction and how transactions are priced. They said it would be helpful to see examples of information to disclose and highlighted challenges with existing disclosure requirements with preparers often disclosing minimal information. These regulators said it is difficult to enforce additional disclosure without specific requirements.

Availability of information and cost–benefit assessment of the proposal

43. In the Basis for Conclusions on the Exposure Draft, the IASB explained that the proposal would be simpler and less costly to apply.

44. Chinese and Japanese meeting participants questioned the IASB's assessment. They said:

(a) In their jurisdiction, preparers have access to the information needed to restrict gains and losses.

(b) Practice is well established with information systems being in place. Entities only make investments in associates after thorough consultation with investees, which confirms information access.

(c) The proposal might reduce the costs for preparers but could simultaneously increase costs for users to adjust reported profits. This would lead to increased total costs and reduced market efficiency.

(d) There would be no cost saving if preparers are required to disclose the gains or losses, which could also undermine competitiveness through the disclosure of sensitive transaction information.

(e) Even after changes in requirements, investors would continue to obtain information because it is important to management for internal purposes.

45. In contrast, Business Europe meeting participants agreed that the proposal would reduce costs. They said that:

(a) tracking and tracing adjusted gains and losses is costly, especially for complex and large one-off transactions.

(b) access to information is easier with joint ventures than associates, where the investor has a lower ownership percentage.

(c) information is available but access has to be agreed upon when the investment is set up.

(d) timely access to information is an issue, especially when the associate is listed (see paragraph 40 of this paper).

46. A European regulator said that if transactions are material enough, the investor should have the ability to obtain information even from associates, not only from joint ventures. They acknowledged, however, that there could be an issue with the use of privileged information of listed associates, which investors might not be able to access.

47. GPF members commented that investors' access to information about their investees varies depending on their relationship with the associate.

Disclosures

48. IASB members and staff discussed with CMAC and GPF whether additional disclosures - on upstream transactions or pricing and rationale for the transactions - could be a way forward, if the IASB retains the proposal.

49. CMAC members said:

(a) it is important to consider the cost-benefit balance. Investors might have many transactions with associates and joint ventures, so the additional disclosures could become cumbersome.

(b) information on upstream transactions would be questionable and the information would not be available to preparers.

(c) no distinction should be made between disclosure requirements for associates and joint ventures. If users receive good information, they can decide whether to adjust the gains or losses.

50. One GPF member agreed with the proposal to disclose gains from downstream transactions and suggested building this on the requirements in IFRS 12 *Disclosure of Interests in Other Entities* and IAS 24. However, a few members disagreed and said:

(a) a disclosure requirement would not mitigate an earnings management risk; and

(b) based on their discussion with users of financial statements the disclosure would be of limited benefit because those users use the primary financial statements of investees in their analysis and not the disclosure in the investors' financial statements.[3]

Consistency with the project objective

51. Meeting participants from Japan and China were concerned that the proposal is inconsistent with the project approach. They said that, while the objective of the project is answering application questions, the proposal is a fundamental change to the equity method.

[3] The view is consistent with user perspectives from China and Japan (see paragraphs 27 and 31of this paper).

52. In their view, a core principle of the equity method is to recognise profits and losses of investees in proportion to the investor's share. The proportional recognition of gains or losses from transactions with associates is consistent with the principle. Three GPF members, from Japan, China and Brazil agreed with this view.

53. These participants questioned the IASB's explanation that the proposal is consistent with the definition of the reporting entity in the *Conceptual Framework*. They noted that paragraph BC 0.17 of the Basis for Conclusions on the *Conceptual Framework* specifically states that the IASB deliberately excluded the equity method during its revision of the *Conceptual Framework*.

54. The participants also argued that while accounting standards have shifted from a risk and reward perspective to one of control, not all standards are entirely aligned. A discussion of whether the equity method should be fully aligned to the control notion is outside the scope of the current project. Addressing accounting issues on piecemeal basis is inappropriate.

55. These participants also noted that IAS 28 applies also to joint ventures. While discussions focus on significant influence, extending the changes to the accounting treatment for joint control is questionable, because joint venturers have joint control.

Alternatives suggested by stakeholders

56. Chinese meeting participants recommended the IASB consider adding a project to address inconsistencies among standards on a comprehensive basis in future agenda consultations.

57. Alternatively, the IASB could finalise the 2014 amendments to address the inconsistency between IAS 28 and IFRS 10. They noted that these amendments have been effectively applied in China for over a decade and have been working well.[4]

[4] The IASB amended that requirement when it issued *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28) in 2014, but the effective date of those amendments has been deferred indefinitely. China uses converged IFRS Accounting Standards.

58. Retaining the existing requirements would maintain alignment with U.S. GAAP for the most common transactions (ordinary transactions).[5] The IASB's prioritisation framework highlights the point of convergence with U.S. GAAP under strategic consideration.

59. Japanese meeting participants said that the inconsistency between IFRS 10 and IAS 28, and issues with access to information do not justify a change in the requirements. If the objective of the proposal is to reduce cost and complexity, the IASB could consider introducing some practical expedient. The inconsistency between IFRS 10 and IAS 28 could be addressed separately.

Question for the IASB

Question for the IASB
Do you have any comments or questions on this paper?

[5] FASB ASC paragraph 323-10-35-7 requires intra-entity profits and losses be eliminated until realised by the investor or investee as if the investee were consolidated. Specifically, intra-entity profits or losses on assets still remaining with an investor or investee shall be eliminated, except for transaction with an investee that is accounted for as (a) a deconsolidation of a subsidiary or a derecognition of a group of assets in accordance with paragraphs 810-10-40-3A through 40-5, (b) a change in ownership transaction in accordance with paragraphs 810-10-45-21A through 45-24 and (c) the derecognition of an asset in accordance with Subtopic 610-20 from the derecognition of nonfinancial assets.

Appendix A—Application questions—transactions with associates

A1. Table 1 of this appendix outlines various application questions relating to the requirement in paragraph 28 of IAS 28 that the proposal in the Exposure Draft (to recognise gains and losses in full) aimed to answer.

Table 1—Application questions—Transactions with associates

<table>
<tr><th>Question</th><th>Transactions with associates</th><th>Notes[6]</th></tr>
<tr><td>1</td><td>How should an investor recognise gains or losses that arise from the sale of a subsidiary to its associate, applying the requirements in IFRS 10 and IAS 28?</td><td rowspan="5">These application questions were defined in the project’s scope from the outset.</td></tr>
<tr><td>2</td><td>Does an investor recognise the portion of its share of the gain in a downstream transaction that exceeds the carrying amount of its investment in the associate?</td></tr>
<tr><td>3</td><td>Does an investor eliminate its share of a gain or loss in an upstream transaction from the carrying amount of the investment in the associate or the acquired asset?</td></tr>
<tr><td>4</td><td>Is the provision of services and transactions that are not transfers of assets an upstream or downstream transaction?</td></tr>
<tr><td>5</td><td>Should the requirement for the adjustment of gains or losses in intra-group transactions between subsidiaries apply by analogy to transactions between investees that are accounted for applying the equity method?</td></tr>
<tr><td>6</td><td>Does an investor eliminate its share of a gain or loss in a downstream transaction against the transaction gain or loss or the share of the associate’s profit or loss?</td><td rowspan="2">These application questions were added to the project’s scope as considered resolved by the IASB proposal in the Exposure Draft.</td></tr>
<tr><td>7</td><td>When an investor sells an item of property, plant or equipment to an associate and leases it back:
(a) IFRS 16 Leases requires an entity to recognise only the amount of gain or loss that relates to the rights transferred; whereas
(b) IAS 28 requires an investor to adjust its share of the gain or loss.
Does applying both requirements ‘double-count’ the elimination of the investor’s share of the gain or loss?</td></tr>
</table>

[6] See AP13B of IASB July 2023 meeting, IASB Update July 2023 and pages 5–6 of Summary of IASB's tentative decisions.

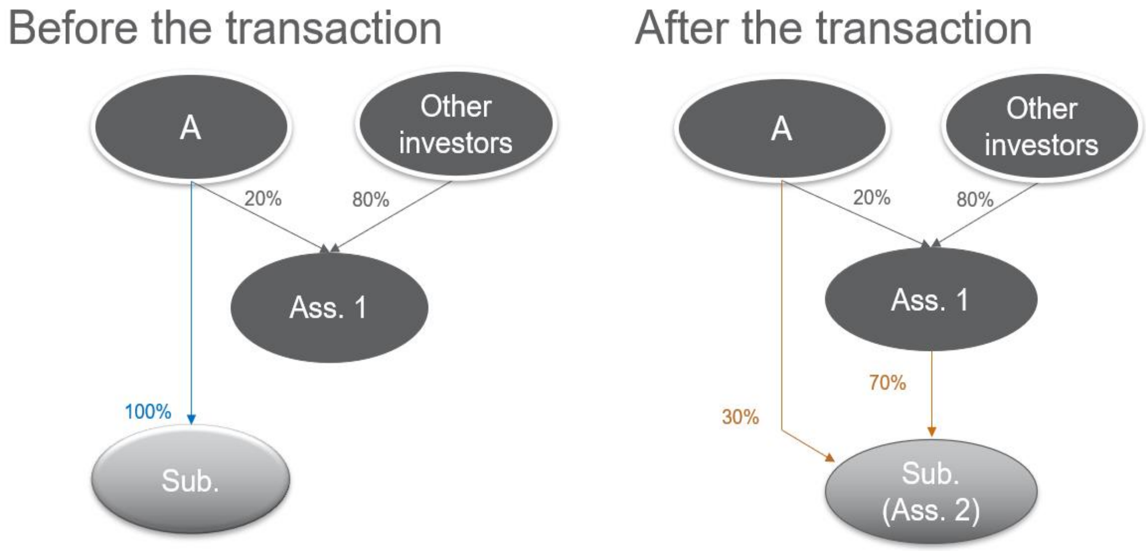
Appendix B—2014 Amendment—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

B1. The relevant requirements of IFRS Accounting Standards for the sale of a subsidiary to an investor's associate are:

(a) an investor recognises in full the gain or loss on loss of control of a subsidiary, remeasuring any retained interest, if any, at fair value (paragraph 25, alongside with the guidance set out in paragraphs B97–B99 of IFRS 10).

(b) an investor restricts the gain or loss recognised to the extent of the unrelated investors' interests in an associate, that is an investor reduces the gain for its related interest (paragraphs 28 and 30 of IAS 28).

B2. The following diagram illustrates the sale of a subsidiary from an investor to its associate before and after the transaction, retaining an interest in the former subsidiary.



B3. The IASB sought to address the inconsistency between the requirements in IFRS 10 and IAS 28, issuing the 2014 Amendment. The IASB was concerned that the existing requirements could result in the accounting for a transaction being driven by its form rather than by its substance. For example, different accounting might be applied to a transaction involving the same underlying assets depending on whether those assets were:

(a) transferred in a transaction that is structured as a sale of assets, or as a sale of the entity that holds the assets (a subsidiary); or

(b) sold in exchange for cash or contributed in exchange for an equity interest.

B4. The 2014 Amendment requires:

(a) a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

(b) a partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

B5. Subsequent to the issuance of the September 2014 amendment, the IASB has received feedback that the recognition of a partial gain or loss when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary is inconsistent with a requirement in IAS 28. This is because paragraph 32 of IAS 28 prescribes how to account for the difference between the costs of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities (ie calculation of goodwill/negative goodwill) on commencement of the equity method. The result of the September 2014 amendment is that the cost of the investment (in certain circumstances) is not at fair value, because only a partial gain or loss has been recognised. IAS 28, by requiring the cost (less the partial gain) to be compared with the fair value of the identifiable assets and liabilities, can result in a gain or loss being recognised that includes the amount of partial gain that has been deferred.

B6. The IFRS Interpretations Committee and the Board also considered a number of other issues with respect to the sale or contribution of assets between an investor and its associate.

B7. In December 2015, the IASB decided:

(a) that these further issues should be addressed as part of its research project on equity accounting; and

(b) to defer indefinitely the effective date of the 2014 Amendment. However, the IASB continued to allow early application of that amendment as it did not wish to prohibit the application of better financial reporting.