
IASB[®] meeting

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| Date | June 2026 |
| Project | Equity Method |
| Topic | Proposed amendments to the disclosure requirements in IFRS 12 <i>Disclosure of Interest in Other Entities</i> |
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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*.

Purpose of this paper

1. The purpose of this paper is for the International Accounting Standards Board (IASB):
 - (a) to consider the feedback on its proposed amendments to the disclosure requirements in IFRS 12 *Disclosure of Interests in Other Entities* in the [Exposure Draft Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)](#) (the Exposure Draft); and
 - (b) to decide whether to proceed with those proposals.
2. This paper does not discuss disclosure requirements that may be required for gains or losses from transactions with associates. At its meeting in May 2026, the IASB tentatively decided to introduce an accounting policy choice that permits an investor to choose either full or restricted recognition of gains or losses on all transactions with associates, except for gains or losses on transfer of businesses that would be recognised in full. At that meeting the IASB discussed the disclosures that should be provided for each accounting policy choice and asked the staff to bring a further paper on these disclosure requirements.¹

¹ See [May 2026 IASB Update](#).

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3. Furthermore, this paper also does not discuss the proposed disclosure requirements for separate financial statements and IFRS 19 *Subsidiaries without Public Accountability: Disclosures*. Proposed amendments to IFRS 19 are discussed in Agenda Paper 13C *Proposed amendments to the disclosure requirements in IFRS 19 Subsidiaries without Public Accountability: Disclosures*.
 4. 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.²

Staff recommendation

5. The staff recommends the IASB confirm its proposal in the Exposure Draft to require an investor to disclose:
 - (a) gains or losses from other changes in its ownership interest;
 - (b) information about contingent consideration arrangements; and
 - (c) a reconciliation between the opening and closing carrying amount of its investments.
6. The staff also recommends the IASB confirm its proposal in the Exposure Draft to introduce a disclosure objective to disclose information that would enable users of financial statements to understand the changes in the carrying amount of investment in associates.
7. The staff also recommends the IASB require an investor to disclose, if it uses it, the fact that it applied the relief from measuring the fair value of the additional share of the associate’s identifiable assets and liabilities, when the investor purchases an additional ownership interest and retains significant influence.

² Entities are permitted to use the equity method in separate financial statements for investments in subsidiaries, joint ventures and associates.

Structure of this paper

8. This paper is structured as follows:
- (a) feedback on the proposals (paragraph 9);
 - (b) background (paragraphs 10–12);
 - (c) gains or losses from other changes in ownership interest (paragraphs 13–31);
 - (d) contingent consideration arrangements (paragraphs 32–43);
 - (e) reconciliation between the opening and closing carrying amount of investments (paragraphs 44–66)
 - (f) relief from using the fair value of the additional share of the associate’s assets and liabilities (paragraphs 67–73);
 - (g) other comment (paragraphs 74–77);
 - (h) summary of staff recommendation and questions to the IASB (paragraphs 78–80); and
 - (i) Appendix A—Extract from the Basis for conclusions on the Exposure Draft.

Feedback on the proposals

9. The IASB discussed feedback on the proposed disclosure requirements in its May 2025 IASB meeting.³

³ See [Agenda Paper 13D Feedback from comment letters—Transactions with associates and Proposed disclosures for IFRS 12](#) and [Agenda Paper 13H Outreach Feedback Summary](#) of the May 2025 IASB meeting.

Background

10. IFRS Accounting Standards require disclosures about equity-accounted investments and include:
 - (a) information about the assets, liabilities, and results of the associates. For example, IFRS 12 requires disclosure of summarised financial information about these associates (see paragraphs B12–B13).
 - (b) information about the investor’s transactions with its associates. IAS 24 *Related Party Disclosures* requires disclosure of these transactions.
11. The proposed disclosure requirements improve information about the investment in the associate, such as (proposing to) requiring the disclosure of the movements between the opening and closing balance of the carrying amount of the investment.
12. The proposed disclosure requirements aim to complement the proposed amendments to IAS 28. In analysing the feedback, the staff considered the objective of IFRS 12 to require an entity to disclose information that enables users of its financial statements to evaluate:
 - (a) the nature of, and risks associated with, its interests in other entities; and
 - (b) the effects of those interests on its financial position, financial performance and cash flows.

Gains or losses from other changes in ownership interest

Proposal in the Exposure Draft

13. In the Exposure Draft, the IASB proposed that an investor disclose the gains or losses from other changes in its ownership interest of associates or joint ventures accounted for using the equity method.

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14. Paragraphs BC139–BC141 of the Basis for Conclusions on the Exposure Draft reproduced in Appendix A explains the IASB’s rationale.

Feedback

15. Almost all respondents who commented agreed with the proposal.
16. One respondent disagreed with the proposal. A few respondents who agreed also expressed concerns or suggested clarification on certain aspects of the proposal.
- (a) A regulator and a standard-setter said that the proposed disclosure of gains or losses on changes in ownership interest should be disaggregated. For example, as to acquisitions, disposals and other changes in ownership interest.
 - (b) A standard-setter suggested clarifying whether the proposed disclosure refers only to changes that occur when an associate or joint venture redeems or issues equity instruments or whether it relates to any other overall changes.
 - (c) An accounting firm and a standard-setter said that the proposed disclosure is similar to or overlaps with the disclosure requirements in IAS 24. These respondents suggested that the IASB explain the necessity of the proposed disclosure and why the requirements in IAS 24 are inadequate.
 - (d) A preparer disagreed with the proposal and said that disclosure of material gains or losses from other changes in ownership interest is already a common practice and therefore requiring it would be burdensome for preparers.
17. A regulator and a standard-setter suggested an investor discloses bargain purchase gains. The standard-setter said that this enhances transparency. The regulator also suggested an investor discloses additional goodwill from increases in its ownership interests.

Staff analysis*Disaggregation*

18. In the Exposure Draft, other changes in ownership interests refer to those transactions when an associate redeems or issues equity instruments and as a result the investor's ownership interest changes. This could include the following transactions:
- (a) an associate issues new shares and the investor subscribes for those shares;
 - (b) an associate buys back its shares and the investor sells its shares; and
 - (c) an associate issues new shares to (or redeems the shares of) another shareholder. This can be referred to as dilutions and anti-dilutions.
19. At its March 2026 meeting, the IASB tentatively decided to proceed with its proposal to require an investor that retains significant influence over an associate when there is another change in ownership interest:
- (a) to apply the proposed requirements for when an investor's ownership interest increases, as if the investor had purchased an additional ownership interest, and
 - (b) to apply the proposed requirements for when an investor's ownership interest decreases as if the investor disposed of an ownership interest.⁴
20. The proposed disclosure requirement does not specify the level of disaggregation of the gain or loss from other changes in ownership interests as to whether they relate to an increase or decrease in the investor's ownership interests. The gain or loss from other changes in ownership interest could arise from (i) a bargain purchase gain, or (ii) a gain or loss from a decrease of such interest.
21. Although the IASB did not prescribe the level of disaggregation, an investor would apply the aggregation and disaggregation principles in IFRS 18 *Presentation and*

⁴ See [March 2026 IASB Update](#).

Disclosure in Financial Statements (see paragraphs 41–42 of IFRS 18) and exercise judgement to determine the level of disaggregation.

Disclosure of bargain purchase gains and goodwill

22. IFRS Accounting Standards do not require an investor to disclose the amount of a bargain purchase gain recognised on *obtaining* significant influence of an associate. As noted in paragraph 19, the IASB tentatively decided to proceed with its proposal on other changes in an investor's ownership interest in its associates, and did not change the recognition and measurement requirements for bargain purchase gains.
23. As noted in paragraph BC139 of the Basis for Conclusions on the Exposure Draft, the IASB did not propose new disclosure requirements for the purchase or the disposal of an ownership interest in an associate while retaining significant influence (which could include bargain purchase gains) to be consistent with existing disclosure requirements in IFRS Accounting Standards. Therefore, it would be inconsistent to propose requiring investors to disclose a bargain purchase gain recognised on the purchase of an additional ownership interest *after obtaining* significant influence.
24. Similarly, an investor is not required to disclose the amount of goodwill included in the carrying amount of investment on *obtaining* significant influence over an associate. As such, it would also be inconsistent to propose requiring investors to disclose goodwill included in the investment on the purchase of an additional ownership interest *after obtaining* significant influence.
25. Paragraph B14(b) of IFRS 12 requires that an investor provide, for each associate that is material to the investor, a reconciliation of the summarised financial information disclosed for its associate (paragraph B12 of IFRS 12) to the carrying amount of its interest in the associate. In providing this reconciliation, the investor would disclose the goodwill included in the carrying amount of its investment as at the reporting date. A comparison of this disclosure between the current period and previous period would provide the information about the change in goodwill included in the carrying amount of its investment.

Perceived overlap with IAS 24

26. The scope of IAS 24 is broader than IFRS 12. IAS 24 requires disclosures about related parties which would apply to all transactions and balances an entity has with its related parties. IFRS 12 requires disclosures about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
27. When an investor sells its shares back to the associate, as described in paragraph 18(b), the transaction is with a related party which would require a disclosure of the amount of the transaction applying IAS 24 (see paragraph 18(a) of IAS 24). However, in the case of a dilution (described in paragraph 18(c)), there is no transaction between the investor and the associate, therefore requirements in IAS 24 do not apply. Furthermore, including the disclosure requirement in IAS 24 would mean that the requirement would apply to all related parties.
28. As such, the staff does not agree that the proposed disclosure requirement overlaps with the requirements in IAS 24. Although, as noted in the previous paragraph, in some cases the proposal would complement the disclosure already required by IAS 24. As such, including the disclosure requirement in IFRS 12 instead of IAS 24 is more appropriate.

Costs of providing the information

29. As noted in paragraph BC141 of the Basis for Conclusions on the Exposure Draft, the proposed disclosure is unlikely to be costly for preparers of financial statements and would provide useful information to users of financial statements. Given the IASB's tentative decision to confirm its proposal in paragraph 19 of this paper, the investor would already be aware of the gain or loss and providing that information in the notes to financial statements would be minimal.

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30. Furthermore, the proposed disclosure does not specifically require the investor to disaggregate the amount disclosed unless the components of such amount are material by themselves that they have to be disaggregated applying the principles and requirements in IFRS 18.

Staff recommendation

31. The staff recommends that the IASB confirm its proposal in the Exposure Draft to require an investor to disclose gains or losses from other changes in its ownership interest.

Contingent consideration arrangements

Proposal in the Exposure Draft

32. In the Exposure Draft, the IASB proposed that an investor disclose for contingent consideration arrangements:
- (a) in the period in which the investor obtains significant influence or joint control, or purchases an additional ownership interest:
 - (i) the amount recognised at the date the entity obtains significant influence or joint control, or purchases an additional ownership interest;
 - (ii) a description of the arrangement and the basis for determining the amount of the payment; and
 - (iii) an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the entity shall disclose that fact; and

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- (b) for each subsequent reporting period until the entity collects or settles that contingent consideration or it is cancelled or expires:
- (i) any changes in the amounts recognised, including any differences arising upon settlement;
 - (ii) any changes in the range of outcomes (undiscounted) and the reasons for those changes; and
 - (iii) the valuation techniques and key model inputs used to measure contingent consideration.
33. Paragraphs BC147–BC149 of the Basis for Conclusions on the Exposure Draft reproduced in Appendix A explain the IASB’s rationale.

Feedback

34. Almost all respondents who commented agreed with the proposal. Some of these respondents said that the proposal would provide users with information that would help when assessing the amount, timing and uncertainty of the cash flows until settlement of the contingent consideration arrangement.
35. A few respondents disagreed with the proposal. A few respondents who agreed also expressed concerns or suggested clarification on certain aspects of the proposal.
- (a) An accounting professional body, an accounting firm and a national standard-setter questioned the IASB’s rationale for disclosing information about contingent consideration arrangements resulting from the purchasing of an additional ownership interest. They noted that the proposed disclosure requirements are based on the disclosure requirements in IFRS 3 *Business Combinations*. However, in IFRS 3 (and in other IFRS Accounting Standards), disclosure is not required for a parent that acquires additional ownership interest over its subsidiary.

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- (b) A preparer disagreed with the proposed disclosure requirements because of concerns that it will lead to disclosure overload. The preparer acknowledged that the proposal is based on IFRS 3 and said that given the differences in scope between IFRS 3 and IAS 28, the disclosure about contingent consideration arrangements should be based on judgement by the investor considering the disclosure objective in paragraph 20(b) of IFRS 12 that ‘an entity disclose information that enables users of its financial statements to evaluate the nature of, and changes in, the risks associated with its interests in joint ventures and associates’.
- (c) A standard-setter said that these arrangements are in the scope of IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurement* and therefore the disclosure should be included in those standards and should not be included in IAS 28.

Staff analysis

Usefulness of the disclosure and disclosure overload

36. As noted in paragraph BC149 of the Basis for Conclusions on the Exposure Draft, the proposed disclosure requirements are consistent with the disclosure objective in paragraph 20(b) of IFRS 12, see paragraph BC148 of the Basis for Conclusions. The IASB said:

The proposed disclosure requirements set out in paragraph BC148 are based on the disclosure requirements in IFRS 3 relating to contingent consideration in a business combination. In the IASB’s view, similar information about contingent consideration arrangements on obtaining an investment in an associate would help users assess the amount, timing and uncertainty of an entity’s future cash flows.

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37. The proposed disclosure requirements on contingent consideration arrangements when an investor obtains significant influence are consistent with the disclosure requirements in IFRS 3 on contingent consideration when a parent acquires a subsidiary. The staff agrees that IFRS Accounting Standards do not require specific disclosures for contingent consideration arrangements when a parent acquires additional ownership interest. However, the staff thinks that this analogy does not apply to an investor that has significant influence and purchases an additional ownership interest. This is because:
- (a) in the case of a parent that acquires additional ownership interest, that transaction is between the parent and the non-controlling interests. Such a transaction is an equity transaction—it is a transaction with owners in their capacity as owners (see paragraph 23 of IFRS 10 *Consolidated Financial Statements*). ‘Gain or loss’ from this transaction is recognised directly in equity.
 - (b) in the case of an investor that has significant influence and purchases an additional ownership interest, that transaction is between the investor and a third party (another shareholder). It is not an equity transaction. ‘Gain or loss’ from this transaction is recognised either as goodwill included in the carrying amount of the investment or as a bargain purchase gain recognised in profit or loss.
38. In developing the proposed disclosure, the IASB agreed that the recognition and measurement requirements for contingent consideration for the purchase of an associate are also useful in relation to contingent consideration for the purchase of an additional interest in an associate. The information is helpful in assessing the amount, timing and uncertainty of the entity’s future cash flows.
39. In light of the analysis in paragraphs 36–38, the staff thinks that the proposed disclosure requirements for contingent consideration arrangements are proportionate and useful to users of financial statements and do not result in disclosure overload.

Interaction with IFRS 7 and IFRS 13

40. In its November 2025 meeting, the IASB tentatively decided to proceed with its proposal to require an investor, on obtaining significant influence, to recognise contingent consideration as part of the consideration transferred and measure it at fair value. The IASB also tentatively decided to proceed with its proposal to require an investor after obtaining significant influence:
- (a) not to remeasure contingent consideration classified as an equity instrument; and
 - (b) to measure other contingent consideration at fair value at each reporting date.⁵
41. The staff agrees that if the contingent consideration were a financial instrument, then it would be in the scope of IFRS 7 and therefore the disclosure requirements in IFRS 7 would apply. The staff agrees that disclosure requirements in IFRS 13 would apply to contingent consideration measured at fair value.
42. Contingent consideration that is part of the consideration transferred in a business combination in the scope of IFRS 3 could be in the scope of IFRS 7 and in the scope of IFRS 13, thus disclosure requirements in those standards apply; in addition, IFRS 3 requires other disclosures which are the basis of the proposed disclosure requirements (as noted in paragraph BC149 of the Basis for Conclusions). This approach is similar to the one taken by IASB for contingent consideration arrangements on or after obtaining significant influence; in addition to the disclosures that would be required by IFRS 7 and IFRS 13, the other proposed disclosure requirements in IFRS 12 would also apply. Thus, the staff thinks that the proposed disclosure requirements for contingent consideration arrangements are appropriately located in IFRS 12.

⁵ See [November 2025 IASB Update](#).

Staff recommendation

43. The staff recommends the IASB confirm its proposal in the Exposure Draft to require an investor to disclose information about contingent consideration arrangements.

Reconciliation between the opening and closing carrying amount of investments***Proposal in the Exposure Draft***

44. In the Exposure Draft, the IASB proposed that an investor disclose a reconciliation between the opening and closing carrying amount of investments accounted for using the equity method, separately disclosing:
- (a) the share of the profit or loss of associates and joint ventures accounted for using the equity method;
 - (b) the share of the other comprehensive income of associates and joint ventures accounted for using the equity method;
 - (c) distributions received from the associate or joint venture;
 - (d) impairment losses; and
 - (e) changes in ownership interest, including those related to investments in which an investor or joint venturer obtains (or loses) significant influence or joint control.
45. The proposed reconciliation supports the proposed disclosure objective to disclose information that would enable users of financial statements to understand the changes in the carrying amount of investment in associates.
46. Paragraphs BC150–BC158 of the Basis for Conclusions on the Exposure Draft reproduced in Appendix A explain the IASB’s rationale.

Feedback

47. Most respondents who commented agreed with the proposal. Some of these respondents said that:
- (a) the proposal would help users of financial statements understand:
 - (i) the effects of changes in the carrying amount of the investment due to cash flows and non-cash flows. For example, to distinguish between changes arising from cash transactions (such as dividends received) and changes arising from non-cash transactions (such as impairment losses).
 - (ii) how the carrying amount of the investment has been affected by, for example, the purchase of an additional interest in an associate or a partial disposal.
 - (b) in their jurisdiction financial statements already included such a reconciliation.
48. Some respondents disagreed with the proposal. A few respondents who agreed also expressed concerns or suggested clarification on certain aspects of the proposal.
- (a) A few respondents suggested further disaggregation:
 - (i) a regulator and a few standard-setters suggested that the proposed reconciliation should be required only for associates and joint ventures that are individually material.
 - (ii) a consultancy firm suggested that the proposed reconciliation should be provided separately for associates and joint ventures. An accountancy firm and a national standard-setter asked the IASB to clarify whether the proposed reconciliation should be provided separately for associates and joint ventures.
 - (iii) a preparer suggested with regards to changes in ownership interest to be disclosed in the reconciliation (proposed paragraph 23B(e) of IFRS 12 in the Exposure Draft) that it should be differentiated between (i) ownership interest acquired in the current period and (ii) reclassified

from previously held ownership interest (for example, if the previously held interest is accounted for under IFRS 9 *Financial Instruments* or IFRS 10).

- (b) A few accountancy firms, a few national standard-setters and a preparer group suggested that the IASB further examine whether the information provided in such reconciliation overlaps or duplicates the summarised financial information required by IFRS 12 (for example, with some of the disclosure requirements in paragraphs B12–B16).
- (c) A few standard-setters, an accountancy firm, an accounting professional body and a few preparers disagreed with the proposal either because the proposed disclosure requirement is onerous or they believe the costs of providing the information exceeds the benefits to users of financial statements.

Staff analysis

Disaggregation

- 49. The comments on disaggregation are analysed as follows:
 - (a) requiring the reconciliation only for individually material investments (see paragraphs 50–53);
 - (b) requiring a separate reconciliation for investments in associates and joint ventures (see paragraphs 54–55); and
 - (c) requiring additional minimum line items (paragraph 56).
- 50. In developing the proposed requirement to disclose a reconciliation between the opening and closing balance of the carrying amounts of investments in associates, the IASB intended to help users of financial statements to understand the changes in the carrying amount of investment in associates (proposed as a new disclosure objective, see paragraph 20(c) of IFRS 12 in the Exposure Draft). The staff thinks that requiring the reconciliation only for individually material associates and joint ventures will not

achieve the IASB's intention because users will only be given partial information on the amounts reported in the investor's statement of financial position. Other IFRS Accounting Standards require reconciliation of opening and closing balances (as noted in paragraph BC154 of the Basis for Conclusions on the Exposure Draft), these are generally understood in practice that the closing balance in the reconciliation reconciled to the amount reported in the statement of financial position.

51. Applying IFRS 18, an investor with investments in both associates and joint ventures would need to consider how to disaggregate information about those investments to fulfil the role of the notes to the financial statements in providing material information necessary to enable users of financial statements to understand the line items presented in the primary financial statements. Paragraph 103(g) of IFRS 18 requires an entity to present in the statement of financial position investments accounted for using the equity method. The investor could prepare the proposed reconciliation at such an aggregated level that would enable users of financial statements to reconcile that reconciliation with the amounts presented in the statement of financial position.
52. The IASB could have instead require the reconciliation separately for individually material equity-accounted investments and in aggregate for individually immaterial equity-accounted investments. This would be likely to make the preparation of the reconciliation more costly for investors because (i) investors would be required to exercise judgement to determine which among its equity-accounted investments are individually material and (ii) they could be required to prepare many reconciliations as there are individually material equity-accounted investments.
53. If the proposed disclosure requirement is finalised, an investor is not precluded from presenting separate reconciliation of its individually material associates.
54. In developing the proposal, the IASB considered whether to specifically require an investor with investments in both associates and joint ventures to disclose a single reconciliation or two separate reconciliations (see paragraphs BC161–BC162 of the Basis for Conclusions on the Exposure Draft). The IASB explained that:

... the general requirements [in IFRS 18] were enough and that it need not develop a specific requirement on this matter because whether two separate reconciliations provide useful information would depend on the entity's specific circumstances.

55. IFRS 12 also sets out aggregation and disaggregation requirements. Paragraphs 4 and B2–B6 set out aggregation and disaggregation requirements that would require an entity to consider the level of detail necessary to satisfy the disclosure objective in the Standard. Paragraph B4 of IFRS 12 states:

An entity shall present information separately for interests in:

- (a) subsidiaries;
- (b) joint ventures;
- (c) joint operations;
- (d) associates; and
- (e) unconsolidated structured entities.

56. The specific items proposed in the reconciliation are minimum line items. To comply with the proposed disclosure objective in paragraph 20(c) of IFRS 12 in the Exposure Draft, the investor may disaggregate the 'changes in ownership interest' as to (i) obtaining significant influence, (ii) purchases of additional ownership interests or (iii) disposal of ownership interests if doing so would enable users of financial statements better evaluate the changes in the carrying amounts of the investment.

Perceived overlaps with the current requirements in IFRS 12

57. The staff acknowledges that there are similarities between the line items in the proposed reconciliation and the information required by the current disclosure requirements in IFRS 12. However, IFRS 12 specifies the level of aggregation while the proposed reconciliation does not.

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- (a) The proposed reconciliation requires disclosure of distributions received from associates. Paragraph B12(a) of IFRS 12 requires the disclosure of dividends received from associates; this is required only for associates that are material to the investor.
- (b) The proposed reconciliation requires disclosure of the investor's share of profit or loss and share of other comprehensive income. In comparison, in IFRS 12:
- (i) paragraph B12(b)(viii)–(ix) requires disclosure of other comprehensive income and total comprehensive income (the difference of which results to the profit or loss) for each associate and joint venture that is material to the reporting entity. Furthermore, the disclosure is the associate's *total* other comprehensive income and *total* comprehensive income and not just the investor's share.
 - (ii) paragraph B16(c)–(d) requires disclosure of the investor's *share* of other comprehensive income and total comprehensive income (the difference of which results to the profit or loss) in aggregate for individually immaterial associates and joint venture to the reporting entity.
58. Depending on how the investor discloses the proposed reconciliation (for example, if finalised, the proposed reconciliation does not preclude the investor from presenting separate reconciliations for individually material investments, an aggregate reconciliation for individually immaterial investments and a 'total' reconciliation), there might be duplication of some information provided the investor proceeds to comply with the disclosure requirements in paragraphs B12–B16 separately. Nevertheless, the staff observes that there are already overlaps in the disclosure requirements in IFRS Accounting Standards. For example, IAS 16 *Property, Plant and Equipment*, IAS 38 *Intangible Assets* and IAS 40 *Investment Property* (for investment properties measured under the cost model) require the disclosure of impairment loss as part of the reconciliation of the carrying amounts while IAS 36 *Impairment of Assets* requires the disclosure of impairment loss by class of assets.

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59. Finally, the proposed reconciliation and the disclosure requirements in paragraphs B12–B16 of IFRS 12 meet/support different disclosure objectives.
- (a) As noted in paragraph 45, the proposed reconciliation supports the (proposed) disclosure objective to disclose information that would enable users of financial statements to understand the changes in the carrying amount of investment in associates.
 - (b) The summarised financial information in paragraphs B12–B16 of IFRS 12 supports the disclosure objective to disclose information that would enable users of financial statements to evaluate the nature, extent and financial effects of an entity’s interests in associates.

Cost–benefit assessment

60. Paragraph 7.3 of the *Conceptual Framework for Financial Reporting (Conceptual Framework)* notes:

Just as cost constrains other financial reporting decisions, it also constrains decisions about presentation and disclosure. Hence, in making decisions about presentation and disclosure, it is important to consider whether the benefits provided to users of financial statements by presenting or disclosing particular information are likely to justify the costs of providing and using that information.

Cost to preparers

61. The staff acknowledges that there will be costs in preparing the proposed reconciliation. The costs could be higher depending on the number of equity-accounted investments an investor has. Simply put, an investor with more than a hundred investments would incur higher costs in preparing the proposed reconciliation compared to an investor that only has a handful of investments

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62. In developing the proposed disclosure, the IASB does not expect that it would be overly costly for preparers, because the information needed to apply the proposed requirement is already known to investors and is, in some cases, already required to be presented or disclosed. For example, the investor's share of its associate's profit or loss (see paragraph BC157 of the Basis for Conclusions on the Exposure Draft).
63. The IASB did not specify whether and, if so, how an investor should disaggregate the proposed reconciliation. An investor would apply its judgement. An investor could just present a single reconciliation if based on its judgement it meets the (proposed) disclosure objective. Arguably, presenting a single reconciliation would be less costly compared to preparing a separate reconciliation, for example, for individually material investments (see paragraph 52).

Benefits to users of financial statements

64. In developing the proposed disclosure, the IASB is informed by the feedback from the post-implementation review (PIR) of IFRS 10, IFRS 11 and IFRS 12. Respondents of the PIR said while the information required by IFRS 12 is useful, they need additional information. As noted in paragraph BC155 of the Basis for Conclusions on the Exposure Draft, users said that reconciliations help them understand the effects of changes in assets and liabilities on the entity's financial performance and cash flows in the period. This is affirmed from feedback on comment letters (see paragraph 47).
65. The staff disagrees that the costs of providing the information that will be required by the proposed disclosure objective and the proposed reconciliation would outweigh the benefits.

Staff recommendation

66. The staff recommends the IASB confirm its proposal in the Exposure Draft:
- (a) to introduce a disclosure objective to disclose information that would enable users of financial statements to understand the changes in the carrying amount of investment in associates; and
 - (b) to require an investor to disclose a reconciliation between the opening and closing carrying amount of its investments.

Relief from using the fair value of the additional share of the associate's assets and liabilities**Background**

67. At its March 2026 IASB meeting, the IASB tentatively decided to provide relief from its proposal to require an investor to measure at fair value the additional share of the associate's identifiable assets and liabilities. The relief would permit the investor to use an alternative measure when purchasing an additional ownership interest and retaining significant influence.
68. The use of a different measure would not change the initial measurement of the additional ownership interest, as the goodwill is measured as a residual; but could affect the allocation between the investor's share of the associate's identifiable assets and liabilities and goodwill included in the carrying amount of the investment. Consequently, this could affect the measurement of the investor's share of the associate's profit or loss in the period of the purchase of the additional ownership interest and in future periods.

Staff analysis

69. IFRS Accounting Standards permit entities to apply practical expedients and reliefs which are usually accompanied by disclosure requirements. For example:
- (a) in IFRS 15 *Revenue from Contracts with Customers*, if an entity uses the practical expedient on the existence of a significant financing component (paragraph 63) or on the incremental costs of obtaining a contract (paragraph 94), the entity shall disclose that fact (paragraph 129);
 - (b) in IFRS 16 *Leases*, if a lessee accounts for short-term leases of low-value assets (paragraph 6) it shall disclose that fact (paragraph 60);
 - (c) in IFRS 16, if a lessee uses the practical expedient on assessing whether a rent concession is a lease modification, the lessee shall disclose (paragraph 60A):
 - (i) that it has applied the practical expedient to all rent concessions or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient; and
 - (ii) the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient; and
 - (d) in IFRS 17 *Insurance Contracts*, specific disclosures are required for an entity that applies the premium allocation approach. An entity is also required to disclose (paragraph 97):
 - (i) which of the criteria in paragraphs 53 and 69 of IFRS 17 it has satisfied;
 - (ii) whether it makes an adjustment for the time value of money and the effect of financial risk; and
 - (iii) the method it has chosen to recognise insurance acquisition cash flows.

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70. Users of financial statements could find it useful to know:
- (a) the fact that the relief is used; and
 - (b) the basis for the alternative measure used by the investor.
71. Disclosing the information described in paragraph 70 would not be costly for the investor to disclose as the information is already known to them in applying the relief.
72. The IASB tentatively decided the relief can be used when the investor reasonably expects that the effects of using that alternative measure would not result in a material difference in its financial statements in the current or future periods. We do not think a description of the alternative measure would provide relevant information to a user, for example disclosing the alternative measure would not enable a user to assess the effect of that measure compared to if the investor had used the fair value.

Staff recommendation

73. On balance, the staff recommends the IASB require an investor to disclose the fact that it applied the relief.

Other comment—location of the proposed disclosure requirements

Feedback

74. An accounting professional body asked whether all or some of the proposed disclosure requirements should be in IFRS 12 or whether they are better included in IAS 24 or IAS 28. The respondent said that the boundaries between the three Standards are not clear and observed potential overlaps.

Staff analysis

75. Paragraphs 26–28 discuss the staff analysis of the perceived overlap between IFRS 12 and IAS 24 on the proposed disclosure requirements on gains or losses from other changes in ownership interests.
76. As noted in paragraph 26, the scope of IAS 24 is broader than IFRS 12—the disclosure requirements in IAS 24 does not only apply to investors interests in associates and joint arrangements, but also to its other related parties. Finally, IAS 28 does not have disclosure requirements.

Conclusion

77. The staff concludes that the proposed disclosure requirements are appropriately located in IFRS 12.

Summary of staff recommendation and questions to the IASB

78. The staff recommends the IASB confirm its proposal in the Exposure Draft to require an investor to disclose:
- (a) gains or losses from other changes in its ownership interest;
 - (b) information about contingent consideration arrangements; and
 - (c) a reconciliation between the opening and closing carrying amount of its investments.
79. The staff also recommends the IASB confirm its proposal in the Exposure Draft to introduce a disclosure objective to disclose information that would enable users of financial statements to understand the changes in the carrying amount of investment in associates.

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80. The staff also recommends the IASB require an investor to disclose, if it uses it, the fact that it applied the relief from measuring the fair value of the additional share of the associate's identifiable assets and liabilities, when the investor purchases an additional ownership interest and retains significant influence.

Questions for the IASB

1. Does the IASB have any comments on the paper?
2. Does the IASB agree with the staff recommendation in paragraph 78?
3. Does the IASB agree with the staff recommendation in paragraph 79?
4. Does the IASB agree with the staff recommendation in paragraph 80?

Appendix A—Extract from the Basis of Conclusions on the Exposure Draft

A1. Reproduced below are extracts from the [Basis of Conclusions on the Exposure Draft Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)](#) on the proposals to amend the disclosure requirements in IFRS 12

Disclosure of Interests in Other Entities on:

- (a) gain or losses from other changes in an investor's ownership interest (paragraphs BC139–BC141 of the Basis for Conclusions on the Exposure Draft);
- (b) contingent consideration arrangements (paragraphs BC147–BC149 of the Basis for Conclusions on the Exposure Draft); and
- (c) reconciliation between the opening the closing carrying amount of an investment in an associate (paragraphs BC150–BC158 of the Basis for Conclusions on the Exposure Draft).

Gain or losses from other changes in an investor's ownership interest

BC139 As discussed in paragraphs BC20–BC44, the IASB decided to propose requirements for how an investor would account for changes in its ownership interest in an associate while retaining significant influence. The IASB decided not to propose new disclosure requirements for the purchase or the disposal of an ownership interest in an associate, while retaining significant influence, to be consistent with existing disclosure requirements in IFRS Accounting Standards applying to investments in associates. For example, investors are not required to disclose the amount of a bargain purchase gain recognised on obtaining significant influence over an associate. Therefore, it would be inconsistent to propose requiring investors to disclose a bargain purchase gain

recognised on the purchase of an additional ownership interest after obtaining significant influence.

BC140 The proposals also include proposed requirements relating to an issue or redemption of equity instruments by an associate that results in an increase or decrease of the investor's ownership interest. Applying the proposed requirements, an investor would recognise any gains or losses resulting from those changes in ownership interest in profit or loss, for example, dilution gains or losses arising from the associate's issue of equity instruments to other parties. The IASB decided to propose requiring the investor to disclose those gains and losses.

BC141 In the IASB's view, disclosing the information in paragraph BC140 is unlikely to be costly for preparers of financial statements and would provide useful information to users of financial statements. For example, dilution gains or losses are different in nature from other income and expenses arising from an investor's interest in its associate and occur infrequently. If not presented separately in the investor's statement of profit or loss, separate disclosure of the gains or losses would also help users understand the composition of the line item(s) presented in the investor's statement of profit or loss for income and expenses from investments in associates to which the equity method is applied.

Contingent consideration arrangements

BC147 As discussed in paragraphs BC89–BC93, the IASB decided to propose requirements for how an investor would recognise and measure contingent consideration on obtaining significant influence of an associate or on the purchase of an additional ownership interest.

BC148 The IASB decided to propose requiring an investor that enters into a contingent consideration arrangement to disclose:

(a) for the period in which it obtains significant influence over an associate or purchases an additional ownership interest:

(i) the amount recognised as at the date the entity obtains significant influence or purchases an additional ownership interest.

(ii) a description of the arrangement and the basis for determining the amount of the payment.

(iii) an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact, and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the investor would be required to disclose that fact.

(b) for each subsequent reporting period until the investor collects or settles the contingent consideration or it is cancelled or expires:

(i) any changes in the amounts recognised, including any differences arising upon settlement.

(ii) any changes in the range of outcomes (undiscounted) and the reasons for those changes.

(iii) the valuation techniques and key model inputs used to measure the contingent consideration.

BC149 The proposed disclosure requirements set out in paragraph BC148 are based on the disclosure requirements in IFRS 3 relating to contingent consideration in a business combination. In the IASB's view, similar information about contingent consideration arrangements on obtaining an investment in an associate would help users assess the amount, timing and uncertainty of an entity's future cash flows. The proposed disclosure requirements are also consistent with the objective in paragraph 20(b) of IFRS 12, to disclose information that enables users to evaluate the nature of, and changes in, the risks associated with interests in associates.

Reconciliation between the opening the closing carrying amount of an investment in an associate

BC150 The IASB completed its Post-implementation Review of IFRS 12 in 2022. Some of the Post-implementation Review respondents said while the information required by IFRS 12 is useful, they need additional information, such as information about associates (and joint ventures) by operating segment.

BC151 When responding to that feedback during the Post-implementation Review of IFRS 12, the IASB acknowledged users' requests for additional disclosure on interests in other entities. However, the IASB also

noted that, in developing additional disclosure requirements, it would need to assess the costs of implementing the new requirements and the benefits of the additional information. Because the IASB concluded that entities can meet the disclosure objective in IFRS 12, it assessed the matter to be of low priority. If identified as a priority in the next agenda consultation, the IASB could assess whether to take action.

BC152 In general, the IASB received no new information during its Equity Method project that suggested a need to reconsider the decision made during the Post implementation Review of IFRS 12.

BC153 However, in response to requests from users during the Equity Method project, the IASB decided to propose:

(a) a disclosure objective requiring an investor to disclose information that enables users of its financial statements to evaluate the changes in the carrying amount of investments in associates; and

(b) a reconciliation between the opening and closing carrying amount of its investments in associates, to meet the new disclosure objective.

BC154 The IASB observed that a reconciliation between the opening and closing amount of particular types of assets and liabilities is often required in other IFRS Accounting Standards, for example:

(a) IFRS 13 *Fair Value Measurement*, for recurring fair value measurements categorised in Level 3 of the fair value hierarchy;

(b) IAS 16, for each class of property, plant and equipment;

(c) IAS 19 *Employee Benefits*, for defined benefit plans;

(d) IAS 37 Provisions, Contingent Liabilities and Contingent Assets, for each class of provisions; and

IAS 38 *Intangible Assets*, for each class of intangible assets.

BC155 Users said that reconciliations help them understand the effects of changes in assets and liabilities on the entity's financial performance and cash flows in the period.

BC156 In the IASB's view, a reconciliation between the opening and closing balance of the carrying amount of an investor's investments in associates would help users of the investor's financial statements understand the changes in that balance. For example, it would help users to distinguish between changes arising from cash transactions (such as dividends received) and changes arising from non-cash transactions (such as impairment losses). It would also help users understand how the carrying amount of the investment has been affected by, for example, the purchase of an additional interest in an associate or a partial disposal. Such a reconciliation would, therefore, complement the proposed recognition and measurement requirements relating to such transactions.

BC157 The IASB does not expect the proposed requirement to disclose such a reconciliation to be overly costly for preparers, because the information needed to apply the proposed requirement is held by entities and is, in some

cases, already required to be presented or disclosed (for example, the investor's share of its associate's profit or loss).

BC158 The IASB also decided to propose the disclosure objective described in paragraph BC153(a). In the IASB's view, the proposed disclosure objective is consistent with—and would add more detail to—the existing disclosure requirement in paragraph 20 of IFRS 12, which requires an investor to disclose information that enables users of its financial statements to evaluate the nature, extent, financial effects and risks associated with its interests in associates.