
Accounting Standards Advisory Forum meeting

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Project	Equity method
Topic	Cover note
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Purpose of this session

1. The purpose of this session is to ask Accounting Standards Advisory Forum (ASAF) members to discuss two aspects of the feedback from the further work undertaken by the International Accounting Standards Board (IASB) on its proposal related to gains and losses from transactions with associates and joint ventures to provide evidence from their jurisdiction. The IASB seeks input from ASAF members on:
 - (a) the implications of the proposals for users of financial statements (see Agenda Paper 2A *Transactions with Associates—Feedback from further work*, paragraphs 16–33; and
 - (b) investors' ability to obtain information from associates and joint ventures for the application of IAS 28 *Investments in Associates and Joint Ventures* in preparing consolidated financial statements (see Agenda Paper 2A *Transactions with Associates—Feedback from further work*, paragraphs 43–47).
2. Agenda Paper 2A *Transactions with Associates—Feedback from further work* of this meeting reproduces Agenda Paper 13C *Transactions with Associates—Feedback from further work* discussed by the IASB in its February 2026 meeting.

3. The IASB's *Conceptual Framework for Financial Reporting* uses the reporting entity concept whereby financial statements provide information about the reporting entity as a whole; information is not viewed from the perspective of a particular group of the entity's existing or potential investors, lenders or other creditors (for example existing shareholders). The feedback from the further work is that some entities view their joint ventures and associates as either part of the group or having the same role as subsidiaries in companies' business models. In these circumstances the feedback is that such entities prefer to disclose information that focuses on profit or loss attributable to shareholders of the parent entity.
4. Feedback from the [Post-Implementation Review of IFRS 10, IFRS 11 and IFRS 12](#) is that users of financial statements requested additional information on associates and joint ventures. In considering how the IASB might address the feedback on the proposal (including the feedback from the additional work) the staff plan to explore whether users need more information about restricted gains and losses.
5. 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.

Background

6. In September 2024, the IASB published the [Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)*](#) (Exposure Draft).
7. The IASB commenced its deliberations of the feedback on the Exposure Draft in September 2025. At its October 2025 meeting, the IASB started to consider the feedback on the proposal to require that an investor 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 (proposal).

8. In considering the feedback, the IASB decided to undertake further work to understand the concerns on the proposal. It is important that ASAF members note the focus of the work was to understand the concerns of those who disagreed with the proposal and to discuss these concerns with other stakeholders.
9. At its February 2026 meeting, the IASB discussed the feedback from further work by IASB members and staff. The IASB was not asked to make any decision.

Next steps

10. In a future meeting, the IASB will discuss the feedback on the proposal and decide how to proceed. The staff will use the evidence provided by ASAF members to help them analyse the feedback on the proposal and in making recommendations on the way forward to the IASB.

Questions for ASAF members

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1. Is there evidence from your jurisdiction that users of financial statements focus on profit or loss attributable to shareholders of the parent entity for the reporting period rather than on group operating profit or loss for the year in consolidated financial statements (including if disclosures on segment performance and other voluntary disclosures use profit or loss attributable to shareholders of the parent entity)?
2. IFRS 12 *Disclosure of Interests in Other Entities* requires an entity to provide a reconciliation of the summarised information presented about a joint venture or associate to the carrying amount of that investment in the statement of financial position. In your jurisdiction:
 - (a) as part of this reconciliation, do entities disclose information about restricted gains and losses?
 - (b) if information about restricted gains or losses is disclosed, how do users of financial statements use this information?

Questions for ASAF members

- (c) if information about restricted gains or losses is not disclosed, do you think the information would be useful to users of financial statements?
3. In restricting gains and losses on transactions with associates and joint ventures (when applying IAS 28 *Investments in Associates and Joint Ventures*) we understand some entities adjust the income from equity accounted investments whereas other entities adjust the line-item in the income statement (such as revenue and cost of sales). What, if any, is the prevailing practice in your jurisdiction?
 4. Do investors in your jurisdiction find it difficult to obtain information from joint ventures or associates to comply with the requirements in IAS 28? If so, what are the challenges in accessing that information?