
IASB[®] meeting

Date	May 2026
Project	Equity Method
Topic	Cover paper
Contact	Jan Carlo T. Pereras (cpereras@ifrs.org)

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Introduction and purpose of this meeting

1. In September 2024, the International Accounting Standards Board (IASB) published the [Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)*](#) (the Exposure Draft).
2. The purpose of this meeting is to continue redeliberating the proposals in the Exposure Draft, taking into consideration the feedback on those proposals. Paragraphs 12–16 detail 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 and status of redeliberations (paragraphs 5–11);
 - (b) papers for this meeting (paragraphs 12–16);
 - (c) next steps (paragraphs 17–18); and

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

- (d) appendices to this paper:
 - (i) Appendix A—Principles identified as underlying IAS 28; and
 - (ii) Appendix B—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 and project approach

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.
7. In answering the application questions, the IASB identified the principles underlying IAS 28 (see Appendix A of this paper). The principles were intended to assist the IASB in developing answers to the application questions.
8. The IASB also decided how it would develop answers to an application question if none of the identified principles could be used. The IASB decided it would analogue and consider the applicability of the requirements in other IFRS Accounting Standards that deal with similar and related issues and use the *Conceptual Framework for Financial Reporting*.

Status of redeliberations

9. At its May 2025 meeting, the IASB discussed a summary of the feedback on its Exposure Draft.
10. At its June 2025 meeting, the IASB discussed the plan for the next stage of the project. See Appendix B of this paper for further details.
11. At its September 2025 meeting, the IASB started redeliberating the proposals in the Exposure Draft. A summary of the IASB's tentative decisions in redeliberating the proposals in the Exposure Draft is set out in Appendix B of this paper.

Papers for this meeting

12. Agenda papers for discussion at this meeting include:
 - (a) Agenda Paper 13A *Presentation of share of profit or loss and share of other comprehensive income*;
 - (b) Agenda Paper 13B *Transactions with associates—staff analysis of feedback*;
 - (c) Agenda Paper 13C *Transactions with associates—staff analysis of feedback on proposed disclosure requirement*; and
 - (d) Agenda Paper 13D *Transactions with associates—ways forward*;

Agenda Paper 13A Presentation of the investor's share of the associate's profit or loss and other comprehensive income

13. Agenda Paper 13A asks the IASB:
 - (a) to consider the feedback on its proposals relating to the recognition and separate presentation of the investor's share of the associate's profit or loss and other comprehensive income; and
 - (b) to decide how to proceed with the proposal.

Agenda Paper 13B Transactions with associates—Staff analysis of feedback

14. Agenda Paper 13B sets out the staff analysis of feedback on the proposal to 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. The IASB is not asked to make any decisions on this paper.

Agenda Paper 13C Transactions with associates—Staff analysis of feedback on proposed disclosure requirement

15. Agenda Paper 13C sets out the staff analysis of feedback on the proposal to disclose gains or losses resulting from ‘downstream’ transactions with its associates or joint ventures. The IASB is not asked to make any decisions on this paper.

Agenda Paper 13D Transactions with associates—Ways forward

16. Agenda Paper 13D asks the IASB to decide whether and, if so, how to proceed with its proposals in the Exposure Draft related to transactions with associates.

Next steps

17. The IASB will continue redeliberating the proposals in the Exposure Draft.
18. Subject to the IASB making decisions on the agenda papers for this meeting, the IASB work plan will be updated to state the next milestone will be to issue a revised Standard.

Appendix A—Principles identified as underlying IAS 28

A1. The IASB identified the principles underlying IAS 28 to help it to develop proposed answers to the application questions within the scope of the project.

Table 1—Principles identified as underlying IAS 28

Group	Category of Principles Principles identified	Paragraph(s)
	Classification	
A	Power to participate is an investor's shared power to affect changes in, and to access, net assets.	IAS 28.3 <i>Definition</i> IAS 28.5–9 IAS 28.12–14
	Boundary of the reporting entity	
B	Application of the equity method includes an investor's share in the associate's or joint venture's net asset changes in the investor's statement of financial position	IAS 28.3 <i>(Definition)</i> IAS 28.10–11 IAS 28.35
C	An investor's share of an associate's or joint venture's net assets is part of the reporting entity.	IAS 28.28
	Measurement on initial recognition	
D	Fair value at the date an investor obtains significant influence or joint control provides the most relevant information about, and faithful representation of, an associate's or joint venture's identifiable assets and liabilities.	IAS 28.30–31B IAS 28.32 IFRS 3.BC25 IFRS 3.BC198
	Subsequent measurement	
E	An investor recognises changes in an associate's or joint venture's net assets. An investor recognises the share of changes in net assets that it can currently access.	IAS 28.3 <i>(Definition)</i> IAS 28.10–13 IAS 28.26 IAS 28.28 IAS 28.30–31B IAS 28.33–36 IAS 28.37
F	An investor's maximum exposure is its gross interest in an associate or joint venture.	IAS 28.14A IAS 28.29 IAS 28.38–43

G	If an investor's ownership interest in an associate or joint venture decreases and the investor continues to apply the equity method, it reclassifies amounts previously recognised in other comprehensive income.	IAS 28.24–25
	Derecognition	
H	An investor: (a) applies IFRS 3 and IFRS 10 if it obtains control of a former associate or joint venture; (b) applies IFRS 9 if it no longer has significant influence or joint control, but retains an interest in a former associate or joint venture; and (c) recognises a gain or loss and reclassifies amounts recognised in other comprehensive income on the date that significant influence or joint control is lost.	IAS 28.22–23 IFRS 3.41–42
	Unallocated (not in the project's scope)	
N/A	Presentation	IAS 28.15 IAS 28.20–21
N/A	Exceptions to the application of the equity method	IAS 28.16–19 IAS 28.27 IAS 28.36A

A2. Some application questions do not relate directly to the principles identified. The IASB decided to develop proposed answers to those application questions by analogising to the principles where possible and by considering the requirements in IAS 8 *Basis of Preparation of Financial Statements* for developing an accounting policy, including:

- (a) the requirements in IFRS Accounting Standards dealing with similar and related issues; and
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the *Conceptual Framework for Financial Reporting*.

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

Table B1—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"> 1. The IASB decided: <ol style="list-style-type: none"> (a) to keep the project’s objectives unchanged; (b) to consider adding application questions to the project’s scope only if they can be resolved in a timely manner and would not result in re-exposure of the proposals in the Exposure Draft—that is, to use a high hurdle when considering adding application questions to the project’s scope; and (c) to proceed with redeliberating the proposals in the Exposure Draft. 2. The IASB also decided not to describe a project on a fundamental review of the equity method in the request for information on the IASB’s Fourth Agenda Consultation.

Topic	IASB Meeting	IASB's decisions
Scope of the project— Consideration of additional application questions	September 2025	<ol style="list-style-type: none"> 1. The IASB decided: <ol style="list-style-type: none"> (a) to add to the scope of the project the application question 'How does an investor recognise acquisition-related costs when applying the equity method?' (b) not to add to the scope of the project an application question on obtaining significant influence over an associate that does not constitute a business. 2. The IASB also decided: <ol style="list-style-type: none"> (a) not to add to the scope of the project an application question on qualifying criteria for using the fair value option in accordance with paragraphs 18–19 of IAS 28. (b) instead, to explore whether to clarify these paragraphs, which permit specified entities to measure investments within the scope of the Standard at fair value through profit or loss.

Table B2—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	November 2025	<ol style="list-style-type: none"> 1. The IASB tentatively decided to proceed with its proposals to require an investor or joint venturer on obtaining significant influence or joint control: <ol style="list-style-type: none"> (a) 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 (b) to recognise contingent consideration as part of the consideration transferred and measure it at fair value. 2. The IASB tentatively decided to proceed with its proposals to require an investor or joint venturer after obtaining significant influence or joint control: <ol style="list-style-type: none"> (a) not to remeasure contingent consideration classified as an equity instrument; (b) to measure other contingent consideration at fair value at each reporting date; and (c) to recognise changes in fair value in profit or loss.
	October 2025	<ol style="list-style-type: none"> 3. 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). 4. The IASB tentatively decided to require acquisition-related costs incurred by an investor or joint venturer: <ol style="list-style-type: none"> (a) 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.

	<p>April 2026</p>	<p>(b) to purchase an additional ownership interest in an associate or joint venture—to be recognised as an expense in profit or loss in the period in which the costs are incurred.</p> <p>5. The IASB also tentatively decided to require an investor or joint venturer to apply the requirements in (4) prospectively from the transition date.</p> <p>6. The IASB tentatively decided to confirm the proposal to include in the carrying amount of the investment the deferred tax effects related to adjusting the investor’s share of the associate’s identifiable assets and liabilities to fair value.</p> <p>7. The IASB tentatively decided to clarify that, when an investor issues equity or debt instruments to obtain significant influence, it is required to account for the costs to issue the debt or equity instrument in accordance with IAS 32 <i>Financial Instruments: Presentation</i> and IFRS 9 <i>Financial Instruments</i>.</p> <p>8. The IASB tentatively decided not to add a requirement that, before recognising a gain on a bargain purchase, an investor would:</p> <p>(a) reassess whether it has correctly identified all the assets and liabilities of the associate; and</p> <p>(b) review the procedures used to measure the fair value of the share of the associate’s identifiable assets and liabilities.</p>
<p>Changes in an investor’s ownership interest—purchases of an additional ownership interest</p>	<p>November 2025</p>	<p>1. 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.</p> <p>2. 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.</p> <p>3. 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.</p>

<p>Other changes in an investor's ownership interest</p>	<p style="text-align: center;">March 2026</p>	<ol style="list-style-type: none"> 1. The IASB tentatively decided to retain the proposal to require an investor that retains significant influence over an associate when its ownership interest changes: <ol style="list-style-type: none"> (a) to apply paragraphs 30–31 of the Exposure Draft to an increase in its ownership interest, as if the investor had purchased an additional ownership interest; and (b) to apply paragraphs 32–33 of the Exposure Draft to a decrease in its ownership interest, as if the investor had disposed of an ownership interest. 2. The IASB tentatively decided: <ol style="list-style-type: none"> (a) not to provide illustrative examples of some fact patterns to clarify how an investor would apply paragraphs 30–33 of the Exposure Draft. (b) not to introduce a requirement for an investor to recognise its share of the expense and the corresponding adjustment to the carrying amount of the investment during the vesting period of an equity-settled share-based payment transaction; (c) not to provide an exemption from applying paragraphs 30–33 of the Exposure Draft for transactions to which an investor is not a party, including those that occur outside an immediate associate; (d) not to introduce requirements for hybrid instruments (for example, hybrid instruments that affect dividend distribution but not voting rights); and (e) not to introduce requirements for when an investor could combine transactions.
<p>Transactions with associates</p>	<p style="text-align: center;">October 2025 February 2026</p>	<ol style="list-style-type: none"> 1. In considering the feedback on the proposal to recognise in full gains or losses resulting from all transactions with associates and joint ventures, the IASB decided to undertake further work: <ol style="list-style-type: none"> (a) to understand the concerns of respondents who said the proposals could increase opportunities for earnings management; and (b) to understand whether enhancing disclosures or adding guidance might resolve these concerns. <p>The IASB discussed the feedback from the further work undertaken in February 2026.</p>

<p>Impairment of an investment</p>	<p>February 2026</p>	<ol style="list-style-type: none"> 1. The IASB tentatively decided to retain guidance from IAS 28: <ol style="list-style-type: none"> (a) to explain that a single, discrete event might not by itself indicate an impairment and that instead the combined effect of several events might indicate an impairment; and (b) to clarify that the investor is required to consider observable information that comes to its attention when the investor determines whether its net investment in an associate might be impaired. 2. The IASB tentatively decided: <ol style="list-style-type: none"> (a) to proceed with its proposal to replace ‘decline in the fair value of an investment ... below its cost’ in paragraph 41C of IAS 28 with ‘decline in the fair value ... to less than its carrying amount’; (b) to proceed with its proposal to remove from IAS 28 the reference to a ‘significant or prolonged’ decline in fair value; (c) to proceed with its proposal to explain that an investor considers observable price information—such as the quoted market price, the price paid to purchase an additional interest in the associate, or the price received to sell part of the interest—when the investor determines whether its net investment might be impaired; and (a) to clarify that for a publicly traded associate, the investor considers the quoted market price at the reporting date. 3. The IASB tentatively decided: <ol style="list-style-type: none"> (a) not to move the impairment requirements from IAS 28 to IAS 36 <i>Impairment of Assets</i>; and (b) not to consider two application issues relating to the reversal of an impairment loss
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