
IASB[®] meeting

Date	May 2026
Project	Equity Method
Topic	Transactions with associates—Staff analysis of feedback on proposed disclosure requirement
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Purpose of this paper

1. The purpose of this paper is to analyse feedback on the International Accounting Standards Board's (IASB) proposal in the [Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)*](#) (the Exposure Draft) related to the proposed disclosure requirement on transactions with associates.
2. This paper follows on from Agenda Paper 13B *Transaction with associates—Staff analysis of feedback* which analyses the feedback on the proposal to recognise gains and losses from transactions with associates in full. Agenda Paper 13D *Transactions with Associates—Ways forward* asks the IASB to decide whether and, if so, how to proceed with its proposals in the Exposure Draft related to transactions with associates. The analysis in this paper forms part of the staff consideration on ways forward discussed in Agenda Paper 13D.
3. The IASB is not asked to make any decisions on this paper.
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.¹

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

Structure of this paper

5. This paper includes:
 - (a) background (paragraph 6);
 - (b) proposal in the Exposure Draft (paragraph 7);
 - (c) feedback on the proposed disclosure requirement (paragraph 8);
 - (d) staff analysis of the feedback on the proposed disclosure requirement (paragraphs 9–56);
 - (e) question for the IASB; and
 - (f) appendices:
 - (i) Appendix A—Feedback on the proposed disclosure requirement; and
 - (ii) Appendix B—Paragraph 21 of IAS 24 *Related Party Disclosures*.

Background

6. Paragraphs 6–17 of Agenda Paper 13B set out the background to the amendment proposed in the Exposure Draft 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. This Agenda Paper considers the feedback on the disclosure proposed to support the proposed amendment.

Proposal in the Exposure Draft

7. In the Exposure Draft the IASB proposed an amendment to paragraph 21 of IFRS 12 *Disclosure of Interests in Other Entities*, that an investor disclose gains or losses resulting from ‘downstream’ transactions with its associates or joint ventures (the proposed disclosure).

Feedback on the proposed disclosure requirement

8. The feedback on the proposed disclosure is summarised in Appendix A—*Feedback on proposed disclosure requirement* of this paper. Feedback on the proposed disclosure requirement is from:
- (a) comment letters on the Exposure Draft;
 - (b) outreach activities on the Exposure Draft;
 - (c) the further work undertaken to understand concerns of stakeholders who disagreed with the proposal to recognise gains and losses on transactions with associates in full; and
 - (d) the IASB’s consultative groups (the Accounting Standards Advisory Forum (ASAF) in their March 2026 meeting, the Capital Markets Advisory Committee (CMAC) and the Global Preparers Forum (GPF) in their November 2025 meeting).

Staff analysis of the feedback on the proposed disclosure requirement

Structure

9. In analysing feedback on the proposal, the staff has identified common themes:
- (a) usefulness of the information (paragraphs 11–21);
 - (b) transactions that are not transfer of assets (paragraphs 22–28);
 - (c) ‘upstream’ transactions (paragraphs 29–31);
 - (d) commercially sensitive information (paragraphs 32–39);
 - (e) earnings management (paragraphs 40–46);
 - (f) IAS 24 disclosures and disclosure overload (paragraphs 47–52); and
 - (g) cost–benefit assessment (paragraphs 53–56).

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10. In analysing the feedback, the staff assumes that the IASB will finalise its proposal to recognise gains and losses from transactions with associates in full. This is because the proposed disclosure requirement complements the recognition of gains and losses from transactions with associates in full. Should the IASB make a different decision on how to proceed with this proposal, then it may need to amend its proposed disclosure requirement.

Usefulness of the information

Feedback

11. From the further work (see paragraph 8(c)) undertaken during the IASB's redeliberations on its proposal to recognise gains and losses on transactions with associates in full, the staff noted the following themes:
- (a) little information is disclosed on restricted gains and losses on transactions with associates (paragraphs 12–13);
 - (b) there is a call for greater transparency on transactions with associates (paragraph 14); and
 - (c) limited benefit of the proposed disclosure to users of financial statements (paragraph 15).
12. At its meeting in March 2026, ASAF members were asked whether entities in their jurisdiction disclose information in financial statements about restricted gains and losses. ASAF members were asked this question because outreach with stakeholders that disagreed with the proposal to recognise gains and losses on transactions with associates in full said that restricting gains and losses provides decision-useful information and that users of financial statements view transactions with associates as different from transactions with unrelated parties. Consequently, the staff wanted to understand what information is currently available to users of financial statements about restricted gains and losses.

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13. Many ASAF members said that there is little to no information in financial statements about restricted gains and losses on transactions with associates. Some ASAF members said that this could be because those amounts are not material in the financial statements (see paragraph A12 of this paper). One ASAF member, who agreed with the proposal, said that the share of the profit or loss of associates and joint ventures is a ‘black box’; users are looking for information outside of the financial statements to help them analyse companies that have such investments (see paragraph A14(a) of this paper).
 14. In the outreach meetings, some regulators stressed the need for greater transparency of related party transactions, including transactions with associates (see paragraph A11 of this paper).
 15. A GPF member disagreed with the proposed disclosure and said that based on their discussion with users of financial statements, the proposal would be of limited benefit because users of financial statements use the primary financial statements of the investee in their analysis and not the disclosure in investors’ financial statements (see paragraph A18(b) of this paper).

Staff analysis

16. Based on feedback, staff think that the proposed disclosure would provide useful information for users of financial statements when assessing earnings quality and estimating future cash flows of an associate or joint venture. This is consistent with the IASB’s decision (see BC144 of the Basis for Conclusions on the Exposure Draft) when it developed the proposed disclosure that it would provide useful information to users because it would:
 - (a) help users to assess earnings quality—users said that insufficient disaggregation of earnings in the investor’s financial statements often restricts their ability to assess earnings quality;
 - (b) allow users to adjust the recognised gain or loss, if desired, in their analysis;and

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- (c) allow users to assess the reasonableness and sustainability of these transactions and their pricing for benchmarking against market terms.
17. The proposed disclosure, when considered with the disclosure requirements in IFRS 12 and IAS 24 *Related Party Disclosures*, would provide greater transparency on transactions with associates because:
- (a) IAS 24 requires disclosure of related party transactions, including the purchase and sale of goods and other assets. The proposed disclosure would provide information about the gains and losses on these transactions with related parties—this will help users of financial statements assess the effects on the investor’s profit and loss on transactions with associates.
- (b) IFRS 12 requires disclosure of information that enables users to evaluate the nature, extent and financial effects of an entity’s interest in joint arrangements and associates. The proposal would provide more information on the financial effects of an entity’s interest in joint arrangements.
18. In regard to the comment from a GPF member in paragraph 15, the staff notes that users of financial statements use different approaches when analysing the effects of associates and joint ventures on an investor’s profit and loss. As noted in paragraph BC72 of the Basis for Conclusions on the Exposure Draft:
- (a) if users assess an associate’s contribution as significant, users generally evaluate the associate separately. Valuation will be based on the associate’s financial statements, if available.
- (b) if users assess an associate’s contribution as insignificant, users will often rely on information about the associate’s earnings as reported in the investor’s financial statements.
19. Based on the feedback from further outreach with Japanese preparers, users of their financial statements rely on information in the investor’s financial statements because associates and joint ventures have the same role as subsidiaries in the investor’s business models. Given the feedback that users of financial statements have different

approaches to assessing performance of the investor and its associates, we think the proposed disclosure would provide useful information.

20. The overall feedback from ASAF members is that users of financial statements do not, at present, have access to information about restricted gains and losses on transactions with associates. Providing such information would enable users to assess the effects on transactions with associates in both the investor's and the investee's financial statements.

Staff conclusion

21. The feedback on the proposed disclosure requirement supports the IASB's decision in developing the Exposure Draft that disclosure would provide useful information to users of financial statements, helping them to assess earning quality and the effects of transactions on the investor's financial statements.

Transactions that are not transfer of assets

Feedback

22. Feedback from comment letters (from two standard-setters and an accounting professional body) and from outreach meetings is that the IASB should clarify whether the scope of the proposed disclosure requirement would include gains and losses resulting from 'downstream' transactions that are not transfers of assets, for example services, leases and borrowings (see paragraph A3(d) of this paper).
23. Some stakeholders said that information on gains or losses from the provision of services may not be available (see paragraph A9 of this paper).

Staff analysis

24. One of the application questions within the scope of the project is whether provision of services is a ‘downstream’ or ‘upstream’ transaction. It is therefore unclear if currently investors are restricting gains on the provision of services to their associates.
25. Paragraph 21 of IAS 24 lists examples of transactions that are disclosed if they are with a related party (see Appendix B of this paper). The staff agrees that for transactions that are purchases or sales of goods, or sales of property and other assets (paragraph 21(a)–(b) of IAS 24) measuring the gain should not be onerous, as the gain will be measured based on the difference between the revenue and the carrying amount of the asset derecognised.
26. For other transactions listed in paragraph 21(c)–(i) of IAS 24, it is possible that measuring the gain could be more onerous. For example, measuring the gain on the rendering of services (paragraph 21(c) of IAS 24) would require the investors to identify and measure the costs of the service. This may require the investor to use judgement and estimates to determine the cost; however, the investor is unlikely to have rendered the service to the associate without measuring the cost of the service prior to rendering it. Furthermore, investors are often required to be able to justify the costs of services to associates for local taxation purposes (for example, in jurisdictions where there are transfer pricing mechanisms).²
27. The staff accepts that investors may need to use judgement to estimate the costs for some transactions, however, the use of judgement and estimates is an essential part of the preparation of financial statements. IAS 8 *Basis of Preparation of Financial Statements* requires disclosure about sources of estimation uncertainty.

² The Organisation for Economic Co-operation and Development (OECD) in its [OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations](#) (issued July 2017) sets out examples of transfer pricing methods which involves the determination of ‘cost’ or ‘profit’ like a cost plus method and transactional net margin method.

Staff conclusion

28. Given the analysis in paragraphs 24–27, disclosure of gain and losses on transactions that are not transfer of assets would provide useful information to users of financial statements. Furthermore, we believe that an investor would have the information to make the disclosure available.

‘Upstream’ transactions*Feedback*

29. Some feedback suggested the IASB consider requiring the disclosure of gains or losses from ‘upstream’ transactions. For example:
- (a) feedback from comment letters (from two standard-setters, an accountancy firm and a consultancy firm) suggested disclosing gains or losses from ‘upstream’ transactions (see paragraph A3(c) of this paper).
 - (b) a user of financial statements, who disagreed with the proposal to recognise gains and losses in full, said if that proposal is finalised, disclosure of gains or losses from ‘upstream’ transactions should also be required (see paragraph A5 of this paper).
 - (c) a CMAC member said that there should be no difference between disclosures for upstream and downstream transactions (see paragraph A16(b) of this paper).

Staff analysis

30. In developing the Exposure Draft the IASB decided not to propose disclosure of gains and losses on upstream transactions between and investor at its associate. The IASB decided that as these gains and losses are recognised in the associate, requiring this disclosure would require obtaining the information from the associate. As discussed in Agenda Paper 13B, the feedback on the availability of and access to information by

investors is mixed. Some stakeholders say there are practical challenges to obtaining information from joint ventures or associates to apply the requirements in IAS 28, whereas other investors do not face such challenges.

Staff conclusion

31. The staff thinks that the IASB's previous conclusion holds. Requiring the disclosure of gains and losses from 'upstream' transactions would only exacerbate the practical challenges on obtaining information from associates.

Commercially sensitive information

Feedback

32. A few comment letter respondents (two standard-setters and a preparer) who agreed with the proposed disclosure, expressed concerns that this would lead to disclosure of profit margins, which are commercially sensitive information, and could undermine investor's competitiveness (see paragraph A3(a) of this paper).
33. A few comment letter respondents disagreed with the proposed disclosure for the same reason (see paragraph A4(c) of this paper).
34. One respondent suggested the IASB limit the level of disaggregation to ensure that commercially sensitive information is not disclosed (see paragraph A3(a) of this paper).

Staff analysis

35. The staff do not think that complying with the proposed disclosure would lead to disclosure of commercially sensitive information.

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36. Disclosing the gain or loss on transactions with associates might enable users of financial statements to compare the margin on transactions with associates to margins with unrelated parties. This is because paragraph 18(b) of IAS 24 requires disclosure of information about transactions with related parties, therefore users of financial statements will be able to combine the two disclosures and assess the margins of transactions with associates compared to transactions with unrelated parties. We think it is the combination of these two disclosures that respondents think will give rise to disclosure of commercially sensitive information.
37. An investor would not be required to describe how transactions are priced or whether they are priced consistently with transactions with unrelated parties. Furthermore, paragraph 23 of IAS 24 states that disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.
38. The proposed disclosure, if finalised, would be a separate disclosure requirement in paragraph 21 of IFRS 12. It would be a distinct disclosure from paragraph 21(a) or (b) of IFRS 12 (which requires a disclosure for each associate and joint venture that is material to the reporting entity). As such the proposed disclosure does not specify the level of aggregation or disaggregation. If finalised, investors would apply the guidance in IFRS 12 on aggregation (see paragraphs 4 and B2–B6 of IFRS 12); the proposal does not introduce new requirements or guidance on aggregation.

Staff conclusion

39. The staff thinks the proposed disclosure requirement will provide users of financial statements with information to compare the margin on transactions with associates to margins with unrelated parties. However, we do not agree the disclosure would result in a disclosure of commercially sensitive information.

Earnings management***Feedback***

40. The proposed disclosure could mitigate possible earnings management structuring opportunities that could arise from the proposal to recognise gains and losses on transactions with associates in full (see paragraph A3(b) this paper).
41. To mitigate these risks further, some regulators asked for further disclosure requirements, such as the rationale for transactions with associates and how transactions are priced (see paragraph A11 of this paper).
42. In contrast, a GPF member said that if the proposal to recognise in full gains and losses from transactions with associates in full increases the risk of earnings management, a disclosure requirement would not mitigate that risk (see paragraph A18(a) of this paper).

Staff analysis

43. As discussed in Agenda Paper 13B, the staff thinks that the proposal to recognise gains and losses on transactions with associates in full does not create new structuring opportunities although it augments the risk of accounting profits being ‘managed’ between reporting periods.
44. The objective of the proposed disclosure is not intended to address the risk of earnings management but, as explained in paragraph 16, to provide users of financial statements with information that would enable them to assess the reasonableness and sustainability of these transactions with associates and their pricing for benchmarking against market terms.
45. We acknowledge that some stakeholders would like to extend the content of the disclosure, however, we think this request has to be balanced with other feedback about the potential costs of the disclosure and the disclosure of commercially sensitive information.

Staff conclusion

46. The proposed disclosure is not intended to address the risk of earnings management. Nevertheless, the staff will consider whether additional disclosures are necessary in its analysis on the ways forward on transactions with associates (see Agenda Paper 13D) because the disclosure that the IASB would require should complement on how the IASB move forward with the topic on recognising gains and losses from transactions with associate.

IAS 24 disclosures and disclosure overload*Feedback*

47. A few preparers disagreed with the proposed disclosure. In their comment letter, a preparer said that the IASB should consider enhancing the disclosures in IAS 24; whereas others think that disclosures in IAS 24 are sufficient for users of financial statements. Some of these stakeholders and an ASAF member said that the proposal contributes to disclosure overload.

Staff analysis

48. Paragraph 18 of IAS 24 requires disclosure of the amounts of related party transactions and any outstanding balances, but does not require disclosure of any gains or losses arising from such transactions. As noted in paragraph 13 of this paper, ASAF members said that there is little information in financial statements about gains and losses from transactions with associates. Furthermore, as also noted in paragraphs 16–20, the proposed disclosure would provide useful information to users.
49. The IASB, in developing its proposals on disclosure requirements, has considered the need to avoid disclosure overload. Nevertheless, the proposal would result in a new disclosure, adding information that has to be reported. The staff appreciates why some stakeholders think that this adds to disclosure overload (that is, excessive disclosures

of immaterial or irrelevant information). Disclosure overload is a broader concern that is applicable to any new disclosure that the IASB proposes.

50. The IASB has, over the years, undertaken projects, amended existing and issued new requirements that aimed to address concerns about disclosure overload. For example:
- (a) The IASB has completed its project on [Disclosure Initiative—Targeted Standards-level Review of Disclosures](#) and published [Guidance for developing and drafting disclosure requirements in IFRS Accounting Standards](#) (Guidance). This Guidance is designed to help the IASB develop IFRS Accounting Standards that would enable entities to make better judgements about which information is material and should be disclosed, thereby providing more useful information to investors.
 - (b) IFRS 18 *Presentation and Disclosure in Financial Statements*:
 - (i) states that an entity need not provide a specific presentation or disclosure required by IFRS Accounting Standards if the information resulting is not material (see paragraph 19 of IFRS 18).
 - (ii) sets out principles of aggregation and disaggregation, which states that an entity shall:
 - (1) aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes in providing material information; and
 - (2) ensure that aggregation and disaggregation in the financial statements do not obscure material information.
 - (c) IFRS Practice Statement 2 *Making Materiality Judgements* aims to provide entities with guidance on making materiality judgements when preparing general purpose financial statements in accordance with IFRS Standards. An entity makes materiality judgements when making decisions about recognition and measurement as well as presentation and disclosure.

Staff conclusion

51. The information required by the proposed disclosure is not a duplication of what is required in IAS 24. The IASB added the proposed disclosure requirement to IFRS 12 rather than IAS 24, because IAS 24 applies to all transactions with related parties, not only to transactions with associates (see paragraph BC146 of the Basis for Conclusions on the Exposure Draft). Adding the disclosure to IAS 24 would require gains and losses on transactions with all related parties to be disclosed.
52. The staff thinks that the proposed disclosure, if finalised, when applied together with the overarching guidance in IFRS Accounting Standards on materiality and aggregation, should not contribute to disclosure overload.

Cost–benefit assessment***Feedback***

53. Stakeholders who disagreed with the proposed disclosure made the following comments about cost–benefit:
 - (a) a standard-setter said that it would undermine the simplification introduced by no longer restricting gains and losses on transactions with associates and joint ventures (see paragraph A4(a) of this paper).
 - (b) a CMAC member said that investors might have many transactions with associates and joint ventures, so the additional disclosures could become cumbersome (see paragraph A16(a) of this paper).

Staff analysis

54. The benefit of the proposal to investors is that the investor, by recognising gains and losses on transactions with associates in full, is no longer required to track when the related assets are transferred to third parties or consumed by the associates. The proposed disclosure is to disclose the gains and losses on transactions with associates in the accounting period, therefore it does not require investor to track when the related assets are transferred to third parties or consumed by the associates.
55. Paragraphs 11–21 of this paper discuss the feedback on the usefulness of the information that is provided by the disclosure. The staff accepts that there could be some costs involved in measuring the gain on the transaction with an associate, as discussed in paragraphs 26–27 of this paper, however, we believe that investors will undertake transactions after assessing the costs associated with the transaction. As such, the staff do not expect that the cost of providing the information to be excessive.

Staff conclusion

56. Considering the staff analysis in paragraphs 54–55 the staff disagrees that the costs of providing the information that will be required by the proposed disclosure would outweigh the benefits (the simplification and consequential cost savings) of the proposal to recognise gains and losses on transactions with associates in full.

Question for the IASB

Question for the IASB

1. Does the IASB have any comments on the paper?

Appendix A—Feedback on the proposed disclosure requirement

A1. Feedback on the proposed disclosure requirement is presented as follows:

- (a) feedback from comment letters;
- (b) feedback from outreach;
- (c) feedback from further work undertaken; and
- (d) feedback from consultative groups.

Feedback from comment letters³

A2. Many respondents who commented agreed with the proposal to require an investor or joint venturer to disclose gains or losses from ‘downstream’ transactions with its associates or joint ventures. Some of these respondents said that the proposal:

- (a) would provide users with useful information:
 - (i) when assessing the earnings quality and the probability of these transactions recurring in the future and their pricing for benchmarking against market terms, enhancing the comparability of investors’ financial performance; and
 - (ii) to estimate future cash flows of the associate or joint venture.
- (b) in comparison to restricting gains or losses of these transactions, is cost effective.

A3. Some respondents who agreed with the proposal, however, raised concerns:

- (a) a few suggested the IASB limit the level of disaggregation to ensure that commercially sensitive information is not disclosed.

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

- (b) a few suggested the IASB introduce disclosures to provide more information about the transaction, for example, the rationale for the transactions and how the transaction was priced. In their view, this would alleviate possible structuring opportunities and earnings management risks.
 - (c) a few suggested the IASB introduce disclosing gains or losses from ‘upstream’ transactions, but they suggested seeking further feedback from preparers and users regarding costs and benefits.
 - (d) a few suggested the IASB clarify what ‘gains and losses resulting from ‘downstream’ transactions’ should be disclosed—specifically whether transactions that are not transfers of assets, for example services, leases and borrowings, are in the scope of the proposed disclosure.
- A4. Some respondents who commented disagreed with the proposal and said that the proposal would:
- (a) undermine the simplification introduced by no longer restricting gains and losses on transactions with equity-accounted investments.
 - (b) require the collection of the information and that would be costly and complex to collect, with questionable benefits for users. In their view, the disclosure requirements in IAS 24 *Related Party Disclosures* are sufficient.
 - (c) lead to disclose commercially sensitive information, particularly for transactions that are within the ordinary course of business.
- A5. A few respondents disagreed with the proposed disclosure because they disagreed with the proposal to recognise gains and losses in full. However, in their view, if the IASB finalises the proposal to recognise gains and losses in full, the IASB should require gains or losses from ‘upstream’ transactions as well as ‘downstream’ transactions to be disclosed.
- A6. A few respondents who commented suggested that the IASB consider how to enhance the disclosure requirements without duplicating existing related party disclosures in IAS 24.

Feedback from outreach⁴

- A7. Most participants expressed support for the proposed disclosure requirements proposed and agreed that they would provide useful information and insights into equity-accounted investments.
- A8. Some participants raised concerns about the proposal to disclose gains or losses of ‘downstream’ transactions because the information is commercially sensitive, particularly for joint ventures. In addition, participants said information on gains from the provision of services may not be available. These participants mentioned that the disclosure requirements in IAS 24 are sufficient for users’ information need.
- A9. Some of those participants expressed that it would be very onerous for them to disclose gains or losses from the provision of services to their associates, because they do not have the information internally.

Feedback from further work⁵

- A10. Chinese and Japanese meeting participants said that there would be no cost savings on the proposal to recognise gains and losses in full if preparers are required to disclose the gains or losses. The proposed disclosure could undermine competitiveness through the disclosure of sensitive transaction information.
- A11. On other hand, some regulators stressed the need for greater transparency of related party transactions, including transactions with associates, 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.

⁴ See [Agenda Paper 13H Outreach feedback summary](#) of the May 2025 IASB meeting.

⁵ See [Agenda Paper 13C Transactions with Associates—Feedback from further work](#) of the February 2026 IASB meeting.

Feedback from consultative groupsASAF⁶**Information about restricted gains and losses—current practice**

- A12. Many ASAF members said that entities disclose little to no information disclosed on restricted gains and losses. Some ASAF members said that this lack of disclosure could be because those amounts are not material.
- A13. Information about restricted gains and losses is disclosed in China.

Requiring disclosure of information about restricted gains and losses

- A14. ASAF members expressed mixed views on whether disclosure of restricted gains and losses would be useful to users in their jurisdictions.
- (a) A few ASAF members said information about those amounts would be useful. The share of the profit or loss of associates and joint ventures is a ‘black box’; users are looking for information outside of the financial statements to help them to analyse companies that have such investments and expressed support for the proposed disclosure requirement in the Exposure Draft.
- (b) A few ASAF members expressed mixed views. Some users find the information useful, but other users said it will add to disclosure overload and instead suggested improving the application of existing requirements in IFRS Accounting Standards. Requiring new disclosure requirements could negate the benefits of the simplification the IASB is proposing.

⁶ See [Agenda Paper 2 Cover note](#) of the March 2026 ASAF meeting. As at the time the May 2026 IASB papers are posted, the ASAF meeting summary is not yet available.

*CMAC*⁷

- A15. CMAC members who were supportive of the proposed disclosure requirement said:
- (a) gains and losses from transactions with associates should be recognised in full. Users can miss the information when the gains are recognised over time.
 - (b) 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.⁸
- A16. Other CMAC members expressed concerns and 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) there should be no difference between disclosures for upstream and downstream transactions. They also thought that partial recognition should be retained because the portion of the gain is not realised. They were worried that full recognition could make financial statements less reliable.
- A17. A CMAC member said that information on upstream transactions would be questionable and the information would not be available to preparers.

⁷ See the November 2025 [CMAC meeting summary](#).

⁸ In the meeting with CMAC, the staff asked whether, if the IASB retained the proposals to recognise gains and losses from transactions with associates in full, additional disclosure requirements and/or guidance (like requiring the same disclosure for ‘upstream’ transactions’) would be helpful including whether those additional disclosures should only be required for investments in joint ventures or for both investments in associates and joint ventures.

*GPF*⁹

A18. 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) if the proposal to recognise in full gains and losses from transactions with associates would indeed increase the risk of earnings management, 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.

⁹ See the November 2025 [GPF meeting summary](#).

Appendix B—Paragraph 21 of IAS 24 *Related Party Disclosures*

21. The following are examples of transactions that are disclosed if they are with related party:
- (a) purchases or sales of goods (finished or unfinished);
 - (b) purchases or sales of property and other assets;
 - (c) rendering or receiving of services;
 - (d) leases;
 - (e) transfers of research and development;
 - (f) transfers under licence agreements;
 - (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
 - (h) provision of guarantees or collateral;
 - (i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts¹ (recognised and unrecognised); and
 - (j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.