**IASB® meeting**

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| Date | **September 2026** |
| Project | **Equity Method** |
| Topic | **Due process** |
| Contacts | **Jan Carlo T. Pereras** (cpereras@ifrs.org) |



## Purpose of this paper

1. The purpose of this paper is to:
   (a) explain the steps in the IFRS Foundation's *Due Process Handbook* (the *Due Process Handbook*) that the International Accounting Standards Board (IASB) has taken in revising IAS 28 *Investment in Associates and Joint Ventures*; [1]
   (b) ask the IASB's permission to begin the process for balloting the revised IAS 28; and
   (c) ask if any IASB member plans to dissent from the revised IAS 28.

2. At this meeting, subject to its discussion and decisions in the relevant agenda papers for this meeting, the IASB will complete the redeliberations of the proposals in the Exposure Draft *Equity Method of Accounting—IAS 28* Investments in Associates and Joint Ventures *(revised 202x)* (the Exposure Draft) needed to finalise the revised IAS 28.

[1] On 30 April 2026, the IFRS Foundation issued the revised *Due Process Handbook*.

3. Paragraph 6.26 of the *Due Process Handbook* requires that after the IASB has made decisions on the technical matters in the project and has assessed the likely effects of a new Standard or an amendment to an IFRS Accounting Standard, the staff presents a paper to the IASB:

   (a) summarising the steps that the IASB has taken in developing the Standard, including a summary of when the IASB discussed this project in public meetings, public hearings, outreach activities and meetings of consultative groups;

   (b) summarising the steps taken to consider possible interactions with the International Sustainability Standards Board's (ISSB) Standards and to meet the objective to develop Standards that are compatible, and avoid inconsistencies and conflicts, with ISSB's Standards;

   (c) reaffirming, if applicable, why the IASB has decided that it was not necessary to create a consultative group or to conduct fieldwork; and

   (d) assessing whether the proposals can be finalised or whether there is a need for re-exposure.

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]

## Structure of this paper

5. This paper is structured as follows:

   (a) project background (paragraphs 6–39)

   (b) due process and permission to ballot (paragraphs 40–48);

   (c) staff conclusion and questions for the IASB (paragraphs 49–50); and

[2] 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—Application questions in the scope of the project;

  (ii) Appendix B—Principles identified as underlying IAS 28;

  (iii) Appendix C—Analysis of comment letter respondents and outreach events with stakeholders;

  (iv) Appendix D—Summary of the IASB's decisions and tentative decisions on the project plan and in redeliberating the proposals in the Exposure Draft to date;

  (v) Appendix E—Meetings of the IASB and its consultative bodies since publication of the Exposure Draft (from May 2025); and

  (vi) Appendix F— Extracts from the IFRS Foundation's *Due Process Handbook*.

## Project background

### *Research phase*

6. The IASB added a research project on the equity method to its work programme following its 2011 Agenda Consultation. In June 2015, the IASB started work on a limited-scope research project on the equity method.[3]

7. In May 2016, after reviewing progress on the research project and feedback on the 2015 Agenda Consultation, the IASB decided to stop working on the project until it assessed feedback from the Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* (PIR).

[3] See the June 2015 IASB *Update*.

8. In April 2020, the IASB considered the findings from the first phase of the PIR and decided to focus on specific matters in the next phase. Those matters did not relate to the requirement introduced by IFRS 11 for a joint venturer to account for its interests in joint ventures using the equity method and generally did not relate to the application of the equity method.

9. In October 2020, the IASB decided that it need not complete the PIR before restarting work on the research project on the equity method. In setting the scope of the project, the IASB decided to focus on developing answers to application questions on the use of equity method rather than undertaking a fundamental review of the equity method. The IASB anticipated this approach would, in a shorter time, provide preparers with solutions to long-standing application difficulties, reduce diversity in practice and lead to more comparable and understandable information for users. [4]

10. In April 2023, the IASB decided to move the research project to its standard-setting work plan. Because the IASB focused on answering application questions, rather than a fundamental review, the IASB decided to work towards publishing an exposure draft, rather than first publishing a discussion paper. The scope of the project excludes, for example:[5]

    (a) assessing whether the equity method is a one-line consolidation or a measurement method;

    (b) the scope of application of the equity method;

    (c) the definition of significant influence; and

    (d) how to assess whether an entity has significant influence.

11. The IASB also noted that, compared with a discussion paper, an exposure draft would provide a more effective and timely way of obtaining stakeholder feedback on its proposed answers to application questions.

[4] See the October 2020 IASB *Update*.
[5] See the April 2023 IASB *Update*.

### *Exposure Draft phase*

12. The IASB developed an initial list of application questions about the equity method from various sources, including:

    (a) its past work;

    (b) submissions to the IFRS Interpretations Committee;

    (c) feedback from the Global Preparers Forum (GPF);

    (d) the research report *The Equity Method* published by the Korea Accounting Standards Board in September 2014; and

    (e) outreach with national standard-setters, accounting firms and regulators.

13. The IASB selected application questions to include in the scope of the project based on whether the question:

    (a) had not already been resolved;

    (b) could be resolved efficiently and effectively without:

        (i) fundamentally revising IAS 28; or

        (ii) amending other IFRS Accounting Standards (other than by making consequential amendments);

    (c) affected the consistent application of IAS 28; or

    (d) involved a matter that was widespread or occurred frequently.

14. From the initial list of application questions identified applying the criteria in paragraph 13, the IASB added other application questions only if they were resolved by the proposed answer to a question from the initial list. Appendix A sets out the application questions in the scope of the project.[6]

[6] During redeliberations, the IASB added an application question 'how does an investor recognise acquisition-related costs when applying the equity method?' (see paragraph 33) in the scope of the project.

15. The IASB identified the principles underlying IAS 28 to help it to develop proposed answers to the application questions set out in Appendix A. To identify the principles, the IASB first reviewed the Standard's requirements and the related paragraphs in its Basis for Conclusions. The requirements were then grouped by topic and, for each group, the IASB identified an underlying principle. The IASB also considered the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*) and requirements in other IFRS Accounting Standards in some cases. Appendix B sets out the principles identified by the IASB as underlying IAS 28.

16. 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*.

17. In September 2024, the IASB published the Exposure Draft. The Exposure Draft was open for comment for a 120-day comment period (consistent with the minimum 120-day comment period required in the previous version of the *Due Process Handbook*).[7]

18. The Exposure Draft set out a revised IAS 28 which included amendments related to:

    ***Proposals clarifying and adding to the requirements***

    (a) measurement of the cost of an investment in an associate at initial recognition;

    (b) changes in ownership interests while retaining significant influence;

    (c) share of profit or loss and other comprehensive income;

[7] The IASB discussed due process on the publication of the Exposure Draft in its March 2024 meeting (see Agenda Paper 13B *Towards an Exposure Draft—Due process and permission to begin the balloting process* and the March 2024 IASB *Update*).

***Proposals changing the requirements***

(d) recognising gains and losses in full on transactions with associates;

***Other proposals***

(e) impairment indicators; and

(f) disclosures.

19. The Exposure Draft included a revised IAS 28 that aimed to improve the understandability of the Standard by regrouping the requirements by topic and reordering the requirements into a more logical order.

### *Feedback*

20. The IASB received a total of 112 comment letters, of which 109 comment letters were received during the consultation period.[8] [9]

21. During the consultation period, IASB members and staff met with stakeholders and engaged on 32 outreach events including meetings with the IASB's consultative bodies (Capital Markets Advisory Committee (CMAC), GPF and the Emerging Economies Group (EEG)) and breakout sessions at the 2024 World Standard-setters Conference. In addition, outside that period, IASB members and staff undertook further work because of the feedback on its proposals, particularly on transactions with associates (see paragraphs 27–28).[10]

22. See Appendix C for analysis of comment letter respondents and outreach events, including additional work undertaken.

23. At its May 2025 meeting, the IASB discussed a summary of the feedback on its Exposure Draft. [11]

[8] See Agenda Paper 13A *Overview of feedback from comment letters—including feedback on the project objective and approach* of the May 2025 IASB meeting.

[9] See the 112 comment letters here.

[10] See Agenda Paper 13H *Outreach feedback summary* of the May 2025 IASB meeting.

[11] See the May 2025 IASB *Update* and staff papers here.

24. Respondents supported most of the proposals in the Exposure Draft (including the objective and approach on the project) but there was mixed support on the proposals for:

    (a) changes in an investor's ownership interest while retaining significant influence—particularly the cost and benefit of including in the carrying amount of the investment the investor's additional share of the associate's identifiable assets and liabilities at fair value;

    (b) recognising gains or losses in full on transactions with associates—a few jurisdictions disagreed with this proposal, however, most respondents agreed;

    (c) share of profit or loss and other comprehensive income—particularly when the carrying amount of the investment has been reduced to nil and there are losses not recognised;

    (d) impairment—removal of the reference to 'significant or prolonged' decline in fair value; and

    (e) retaining paragraph 10 of IAS 27 *Separate Financial Statements* unchanged. That is, the implications of applying the proposals in the Exposure Draft to investments in subsidiaries accounted for using the equity method in separate financial statements, particularly the proposal to recognise gains and losses in full on transactions with subsidiaries.

### *Redeliberation phase*

25. At its June 2025 meeting, the IASB discussed the plan for the next stage of the project.[12]

26. At its September 2025 meeting, the IASB started redeliberating the proposals in the Exposure Draft.

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[12] See the June 2025 IASB *Update*.

27. In considering the feedback on the proposals the IASB met with stakeholders and its consultative groups. At its meeting in October 2025, in light of the feedback in paragraph 24(b) on the IASB's proposal to recognise the gains or losses in full from transactions with associates, the IASB decided to undertake additional outreach to gain a better insight on why some respondents disagreed with the proposal. The additional outreach involved meeting with stakeholders to discuss:

    (a) how the use of the equity method related to an investor's business model;

    (b) the effects of recognising gains or losses in full on the investor's share of the investees profit and loss, including how financial performance is communicated to users of the investor's financial statements;

    (c) how proposed new requirements reflects the economic substance of transactions; and

    (d) assessing how the proposed new requirements would affect financial reporting systems and operating procedures, including the availability of and access to information.

28. Having gained a better insight to why respondents disagreed with the proposal, the IASB members and staff discussed their findings with other stakeholders (including regulators) who agreed with the proposals. 12 meetings were held attended by about 190 participants. Feedback from this additional work was discussed by the IASB in its February 2026 meeting (see Agenda Paper 13C *Transactions with associates—feedback from further work*).

29. Appendix C sets out an analysis of additional work.

30. Between June 2025 and September 2026, the IASB discussed the project in 12 meetings (including this month's meeting).

31. Appendix D sets out a summary of the IASB's tentative decisions in redeliberating the proposals in the Exposure Draft. Appendix E sets out a list of the IASB's meetings along with the topics discussed since the publication of the Exposure Draft.

32. The feedback on the Exposure Draft (see paragraphs 20–24), the additional work undertaken (see paragraphs 27–28) and meetings with consultative groups (see paragraphs 21 and 34–36) informed the IASB's redeliberations and thereby its tentative decisions. The IASB confirmed many of its proposals but made some changes, including:

(a) introducing a relief from its proposal to include in the carrying amount of the investment the investor's additional share of the associate's identifiable assets and liabilities at fair value. The relief will permit the investor to use an alternative measure to fair value if 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.

(b) introducing an accounting policy choice that permits an investor to choose either full or restricted recognition of gains or losses on transactions with associates, except for gains or losses on transfer of businesses, which would be recognised in full. To address the negative effect on comparability of introducing an accounting policy choice, new disclosures will be required.

(c) extending the accounting policy choice in subparagraph (b) to subsidiaries accounted for using the equity method in separate financial statements; and permitting an investor not to apply the same accounting policy to the recognition of gains and losses on transactions with associates in its consolidated and separate financial statements.

(d) withdrawing the proposal that an investor would continue to recognise and present separately its share of an associate's profit or loss and its share of the associate's other comprehensive income when the carrying amount of the investment has been reduced to nil and the share of comprehensive profit or loss is a loss.

(e) clarifying its proposals for impairment; and

(f) adding a requirement to recognise acquisition-related costs for an associate as an expense in profit or loss in the period they are incurred except when those costs are related to the issue of debt or equity instruments, in which case they are accounted for in accordance with IAS 32 *Financial Instruments: Presentation* and IFRS 9 *Financial Instruments*, applying those requirements prospectively from the transition date.

33. In relation to paragraph 32(f), the IASB added this application question to the scope of the project in response to feedback on the Exposure Draft.

### *Consulting with IFRS Advisory Council and other IASB's consultative groups*

34. The IASB is required to update the IFRS Advisory Council on its technical programme and major projects as part of its due process (paragraph 3.55 of the *Due Process Handbook*). Since the end of the consultation period of the Exposure Draft, the IFRS Advisory Council has been updated in April 2025, November 2025 and April 2026.

35. Since the end of the consultation period, the IASB also discussed the project with its consultative bodies—Accounting Standards Advisory Forum (ASAF), CMAC, GPF and EEG—in seven meetings between January 2025 and September 2026. Appendix E sets out a list of the IASB's consultative group meetings along with topics discussed since the publication of the Exposure Draft.

36. The views of members of the consultative bodies were sought on various aspects of the revised IAS 28 and the feedback was considered by the IASB in redeliberating the proposals in the Exposure Draft.

### *Interaction with the work by the ISSB*

37. In developing the proposals in the Exposure Draft, the IASB took into consideration the definition of a 'group' in IFRS Accounting Standards (that is, a parent and its subsidiaries) as defined in IFRS 10 *Consolidated Financial Statements*. The IASB did not change this definition. IFRS Sustainability Standards issued by the ISSB

considered the notion of a consolidated accounting group in requiring entities to disclose its Scope 1 and Scope 2 greenhouse gas emissions.

38. The IASB has tentatively decided to provide an exemption from disclosing gains and losses from transactions with associates. In developing the disclosures that investors would instead provide if the exemption is used (see Agenda Paper 13B *Sweep issues* of this month's meeting), the staff considered a similar requirement in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* where disclosure is not required for information that is commercially sensitive.

39. The staff has discussed these matters with ISSB technical staff and no conflicts between IFRS Accounting Standards and IFRS Sustainability Standards were observed.

## Due process and permission to ballot

40. The *Due Process Handbook* outlines the following mandatory and optional due process steps prior to issuing an IFRS Standard (see paragraphs 3.45–3.47 of the *Due Process Handbook* or Appendix F of this paper). The relevant mandatory and optional due process steps are summarised in Tables 1 and 2 below.

**Table 1—Mandatory steps according to paragraphs 3.45–3.46 of the *Due Process Handbook***

| Mandatory due process steps (and related paragraph references in the *Due Process Handbook*) | | Paragraph reference in the paper |
|---|---|---|
| (a) | Debating any proposals at public meetings (paragraphs 3.2–3.13 and 3.46(a)) | Paragraphs 25–33 |
| (b) | Exposing for public comment a draft of the proposed amendments with a minimum comment period (paragraph 3.46(b)) | Paragraph 17 |
| (c) | Considering in a timely manner comment letters received on the proposals (paragraphs 3.46(c) and 3.68) | Paragraphs 25–33 |
| (d) | Considering whether the proposals should be re-exposed (paragraphs 3.46(d) and 6.29–6.32) | Paragraphs 41–47 |
| (e) | Consulting the ASAF and the IFRS Advisory Council paragraph 3.46(e) | Paragraphs 34–36 |
| (f) | Considering possible interactions with ISSB's work (paragraph 6.26(b)) | Paragraphs 37–39 |

**Table 2—Optional steps according to paragraph 3.47 of the *Due Process Handbook***

| Optional due process steps: 'comply or explain' steps (and related paragraph references in the *Due Process Handbook*) | | Paragraph reference in the paper |
|---|---|---|
| (a) | Publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed (paragraph 3.47(a)) | Paragraphs 10–11 |
| (b) | Creating consultative groups or other types of specialist advisory groups for major projects (paragraph 3.47(b)) | Paragraph 48 |
| (c) | Holding public hearings (paragraph 3.47(c), 3.66 and 3.76–3.77) | Paragraphs 21 and 27–28 |
| (d) | Undertaking fieldwork (paragraph 3.47(d) and 3.71–3.76) | Paragraph 27 |

### *Other due process steps*

| Step | Staff confirmation |
|---|---|
| **The IASB has analysed the likely effects of the forthcoming standard or amendments.**<br>(*Due Process Handbook* paragraphs 3.78–3.83) | Yes. The analysis of effects of the revised IAS 28 will be included in the Basis for Conclusions. |
| **The IASB set an effective date for the Standard**<br>(*Due Process Handbook* paragraphs 6.38–6.39) | Yes. Agenda Paper 13D *Effective date and early application* of this month's meeting asks the IASB to decide on the revised IAS 28's effective date. |
| **Documents to undergo an internal editorial review**<br>(*Due Process Handbook* paragraph 3.30) | Yes. If the IASB gives the staff permission to ballot the revised IAS 28, a draft plan for issuing the revised IAS 28 has been agreed, including involvement of the Editorial team throughout the drafting process to review the draft of the revised IAS 28 along with its Basis for Conclusions, and Project Summary and Feedback Statement. |
| **Documents to be sent for external editorial review (Non-mandatory)**<br>(*Due Process Handbook* paragraphs 3.33–3.35) | Yes. A draft of the revised IAS 28 will be made available for external editorial review. |
| **Documents to be accompanied by Press Release**<br>(*Due Process Handbook* paragraph 6.40) | Yes. This step will be completed towards the end of the project. The staff will coordinate with the Communications team of the IFRS Foundation. |
| **Documents to be accompanied by a project summary and feedback statement** | Yes. The revised IAS 28 will be accompanied by a Project Summary and Feedback Statement. |

| Step | Staff confirmation |
|---|---|
| **(Mandatory for new Standards or major amendments only)**<br>(*Due Process Handbook* paragraph 6.41) | |
| **Documents to be accompanied by other supplementary supporting materials, such as a webcast.**<br>**(Non-mandatory)**<br>(*Due Process Handbook* paragraph 6.41) | Yes. The staff plans to make a webcast available that summarises the changes introduced by the revised IAS 28. |
| **Due process steps reviewed by the IASB**<br>(*Due Process Handbook* paragraphs 2.8, 6.10 and 6.27) | Yes. Evidence is provided in this paper, see paragraphs 40–50. The IASB is asked whether to provide the staff the permission to ballot. |
| **Due process steps reviewed by the DPOC**<br>(*Due Process Handbook* paragraph 2.8) | Yes. Since the publication of the Exposure Draft in September 2024, updates on the project were provided to the Due Process Oversight Committee (DPOC) as part of general technical updates on IASB's activities (see DPOC meetings held in October 2024, March 2025, June 2025, October 2025, March 2026 and June 2026).<br>If the IASB gives the staff permission to ballot the revised IAS 28, this paper will be provided to the DPOC. |

### *Considering re-exposure*

41. Paragraph 6.29 of the *Due Process Handbook* sets out the criteria to be considered by the IASB on re-exposure of the proposals in the Exposure Draft (see Appendix F for the extract):

    (a) identifies substantial issues that emerged during the comment period on the exposure draft that it had not previously considered;

    (b) assesses the evidence that it has considered;

    (c) assesses whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and

    (d) considers whether the various viewpoints were appropriately represented in the exposure draft and adequately discussed in the basis for conclusions.

42. Paragraphs 6.30–6.32 of the *Due Process Handbook* included other considerations. These are reproduced in Appendix F.

43. Paragraph 32 of this paper lists the main changes the IASB made to the proposals in the Exposure Draft. All the IASB's decisions considered stakeholders' feedback (including those from additional work). Various viewpoints, which were often opposing, were assessed and analysed by the IASB in making its decisions. There are some sweep issues that the IASB will discuss in this month's meeting. None of these topics significantly affect the tentative decisions already taken by the IASB.

44. In the staff's view, none of the main changes referred to in paragraphs 32–33 of this paper would warrant re-exposure, including the IASB's tentative decision to permit an accounting policy choice in recognising gains and losses on transactions with associates and those supporting new disclosure requirements (see paragraphs 27–28).

The IASB discussed and made decisions on transactions with associates in October 2025, February 2026, May 2026 and July 2026 (see Appendices D and E).[13]

45. The IASB, in making these changes including the tentative decision to permit an accounting policy choice for recognising gains and losses on transactions with associates, has taken into consideration feedback on the proposals—comment letters and those from outreach including the additional work.

46. The IASB in permitting the accounting policy choice had undertaken additional work to understand the reasons of stakeholders who disagreed with the proposals and had discussed its findings with stakeholders that supported the proposals. Some stakeholders (regulators) questioned the IASB's tentative decision to introduce an accounting policy choice and the resulting potential loss of comparability. However, the stakeholders acknowledged the opposing views to the proposals in the Exposure Draft. The IASB has sought to address the negative effect on comparability by requiring investors that choose to restrict gains and losses to disclose information that provides greater transparency about the amounts of those gains and losses to users of financial statements (see paragraph 32(b)).

47. Considering paragraphs 45–46, the IASB is informed by stakeholders' feedback and it is therefore unlikely that re-exposure will reveal any new information or concerns that the IASB would need to consider in order to finalise whether and how to proceed with its proposal. Consequently, the staff do not think the criteria in paragraph 41 are met and therefore it is not necessary to re-expose the proposals.

[13] See Agenda Paper 13B *Transactions with associates* and Agenda Paper 13C *Transactions with associates—Consideration of possible earnings management and enhancing disclosures (or guidance)* of the October 2025 IASB meeting, Agenda Paper 13C *Transactions with associates—feedback from further work* of the February 2026 IASB meeting, Agenda Paper 13B *Transactions with associates—Staff analysis of feedback*, Agenda Paper 13C *Transactions with associates—Staff analysis of feedback on proposed disclosure requirement* and Agenda Paper 13D *Transactions with associates—Ways forward* of the May 2026 IASB meeting and Agenda Paper 13A *Transactions with associates—Disclosure requirements* of the July 2026 IASB meeting.

### *Creating a consultative group*

48. The IASB considered whether to establish a consultative group for the project in deciding to move it from research programme to standard-setting work plan. The IASB did not do so because the equity method is general and affects many investors rather than being sector-specific or specialised and the IASB's existing consultative groups (ASAF, CMAC, GPF and EEG) have the necessary experience and expertise to advise on this project. For further details refer to Agenda Paper 13B *Due process and permission to begin balloting process* of the March 2024 meeting and Agenda Paper 13B *Moving the research project to the standard setting work plan* of the April 2023 meeting.

## Staff conclusion and questions for the IASB

49. In the staff view paragraphs 40–48 of this paper demonstrate the IASB has undertaken sufficient activities to satisfy the mandatory due process steps set out in the *Due Process Handbook*, as well as considering optional due process steps. Accordingly, if the IASB agrees with the staff view it is recommended that the IASB start the balloting process for the revised IAS 28. The staff will consider the need for future IASB discussion of sweep issues that may arise during the balloting process.

50. In accordance with paragraph 6.27 of the *Due Process Handbook*, the staff would like to ask whether any IASB member intends to dissent from the issuance of the revised IAS 28.

## Questions for the IASB

1. Does the IASB have any comments on the paper?
2. *Due process*—Is the IASB satisfied that all the mandatory due process steps have been met in the project (paragraphs 40–48)?
3. *Dissent*—Does any IASB member intend to dissent from the publication of the revised IAS 28? If so, on what grounds (paragraph 50)?
4. *Re-exposure*—Does the IASB agree with the staff recommendation not to re-expose the proposals in the Exposure Draft as revised by IASB's tentative decisions (paragraphs 41–47)?
5. *Permission to begin the balloting process*—Does the IASB grant staff permission to begin the balloting process of the revised IAS 28 (paragraph 49)?

# Appendix A—Application questions in the scope of the project

A1. Table A1 sets out the application questions in the scope of the project.

Table A1—Application questions in the scope of the project

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|---|
| **Recognition and initial measurement of an investment in an associate or joint venture on obtaining significant influence or joint control** |
| How does an investor initially measure the cost of an investment in an associate or joint venture?<br>(a) If an investor with a previously held interest in an entity acquires an additional interest and obtains significant influence or joint control, does the initial measurement of the cost of the investment in an associate or joint venture include the original purchase cost of the previously held interest or the carrying amount of that interest applying IFRS 9 *Financial Instruments*?<br>(b) Does an investor include contingent consideration in the consideration transferred for an investment in an associate or joint venture, and if so, how is contingent consideration measured initially and subsequently?<br>Does an investor include in the carrying amount of an investment in an associate or joint venture the deferred tax effects related to measuring at fair value its share of the associate's or joint venture's identifiable assets and liabilities on initial recognition of the investment?<br>How does an investor recognise acquisition-related costs when applying the equity method? |
| **Changes in an investor's ownership interest while retaining significant influence or joint control** |
| How does an investor apply the equity method when purchasing an additional interest in an associate or joint venture while retaining significant influence or joint control?<br>How does an investor apply the equity method when disposing of an interest in an associate or joint venture while retaining significant influence or joint control?<br>Does an investor recognise its share of other changes in an associate's or joint venture's net assets that change the investor's ownership interest while retaining significant influence or joint control, and, if so, how is the change presented? For example, how does an investor account for an associate's issue of shares to a third party, resulting in a decrease in the investor's ownership interest? |
| **Recognising an investor's share of losses** |
| How does an investor recognise its share of an associate's or joint venture's profit or loss and its share of other comprehensive income if both shares are losses and in aggregate exceed the carrying amount of the net investment in an associate or joint venture?<br>Does an investor that has reduced the carrying amount of its net investment in an associate or joint venture to nil:<br>(a) continue to recognise separately its share of profit or loss and its share of other comprehensive income, if one share is a loss and the other share is a profit?<br>(b) recognises, on purchasing an additional ownership interest, any losses not recognised by deduction of those losses from the cost of the additional ownership interest?<br>(c) continue eliminating its share of gains arising from a downstream transaction? |

| Transactions with associates or joint ventures |
|---|
| How should an investor recognise gains or losses that arise from the sale of a subsidiary to its associate or joint venture, applying the requirements in IFRS 10 and IAS 28?<br>Does an investor recognise the portion of its share of the gain in a downstream transaction that exceeds the carrying amount of its investment in the associate or joint venture?<br>Does an investor eliminate its share of a gain or loss in an upstream transaction from the carrying amount of the investment in the associate or joint venture, or the acquired asset?<br>Is the provision of services and transactions that are not transfers of assets an upstream or downstream transaction?<br>Should the requirement for the adjustment of gains or losses in intra-group transactions between subsidiaries apply by analogy to transactions between associates or joint ventures accounted for applying the equity method?<br>Does an investor eliminate its share of a gain or loss in a downstream transaction against the transaction gain or loss or the share of the associate's or joint venture's profit or loss?<br>When an investor sells an item of property, plant or equipment to an associate or joint venture and leases it back:<br>(a) IFRS 16 *Leases* requires an entity to recognise only the amount of gain or loss that relates to the rights transferred; whereas<br>(b) IAS 28 requires an investor to adjust its share of the gain or loss.<br>Does applying both requirements 'double-count' the elimination of the investor's share of the gain or loss? |
| **Impairment of a net investment in an associate or joint venture** |
| Does an investor assess a decline in fair value in relation to the original purchase cost or the carrying amount at the reporting date? |

A2. During redeliberations and in response to feedback on the Exposure Draft the IASB added the application question 'how does an investor recognise acquisition-related costs when applying the equity method?' into the scope of the project (included in the heading 'Recognition and initial measurement of an investment in an associate or joint venture on obtaining significant influence or joint control' in Table A1).

# Appendix B—Principles identified as underlying IAS 28

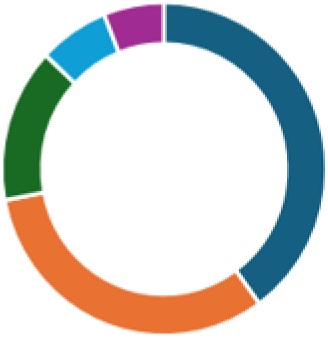
Table B1—Principles identified as underlying IAS 28

| Principles identified | Paragraph(s) |
|---|---|
| **1. Classification** | |
| 1.1 Power to participate is an investor's shared power to affect changes in, and to access, net assets. | IAS 28.3 (Definition)<br>IAS 28.5–9<br>IAS 28.12–14 |
| **2. Boundary of the reporting entity** | |
| 2.1 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 (Definition)<br>IAS 28.10–11<br>IAS 28.35 |
| 2.2 An investor's share of an associate's or joint venture's net assets is part of the reporting entity. | IAS 28.28 |
| **3. Measurement on initial recognition** | |
| 3.1 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<br>IAS 28.32<br>IFRS 3.BC25<br>IFRS 3.BC198 |
| **4. Subsequent measurement** | |
| 4.1 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 (Definition)<br>IAS 28.10–13<br>IAS 28.26<br>IAS 28.28<br>IAS 28.30–31B<br>IAS 28.33–36<br>IAS 28.37 |
| 4.2 An investor's maximum exposure is its gross interest in an associate or joint venture. | IAS 28.14A<br>IAS 28.29<br>IAS 28.38–43 |
| 4.3 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 |
| **5. Derecognition** | |
| 5.1 An investor:<br>(a) applies IFRS 3 *Business Combinations* and IFRS 10 if it obtains control of a former associate or joint venture;<br>(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 | IAS 28.22–23<br>IFRS 3.41–42 |

| | |
|---|---|
| (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. | |
| **6. Unallocated (not in the project's scope)** | |
| 6.1 Presentation | IAS 28.15<br>IAS 28.20–21 |
| 6.2 Exceptions to the application of the equity method | IAS 28.16–19<br>IAS 28.27<br>IAS 28.36A |

# Appendix C—Analysis of comment letter respondents and outreach events with stakeholders

Diagram C1—Analysis of comment letter respondents by geographical distribution

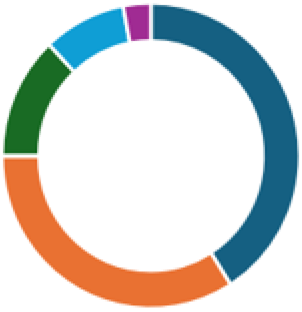


| Region | Number | Percentage |
|---|---|---|
| Europe | 45 | 40% |
| Asia and Oceania | 36 | 32% |
| Americas | 17 | 15% |
| Global | 8 | 7% |
| Africa | 6 | 6% |
| Total | 112 | 100% |

Diagram C2—Analysis of comment letter respondents by respondent type

| Respondent type | Number | Percentage |
|---|---|---|
| Preparers | 30 | 27% |
| Standard-setters | 29 | 26% |
| Accounting professional bodies | 18 | 16% |
| Accounting firms | 13 | 12% |
| Academics | 7 | 6% |
| Regulators | 5 | 4% |
| Users | 4 | 4% |
| Others | 6 | 5% |
| Total | 112 | 100% |

Diagram C3—Analysis of outreach events with stakeholders during the consultation period by geographical distribution

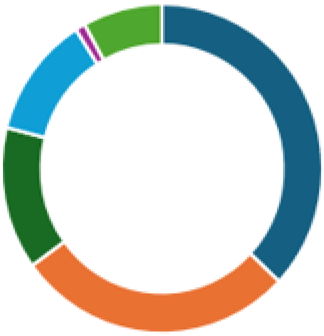


| Region | Number | Percentage |
|---|---|---|
| Global | 13 | 41% |
| Asia and Oceania | 11 | 34% |
| Europe | 4 | 13% |
| Americas | 3 | 9% |
| Africa | 1 | 3% |
| Total | 32 | 100% |

Diagram C4—Analysis of outreach events with stakeholders during the consultation period by respondent type

| Respondent type | Number | Percentage |
|---|---|---|
| Standard-setters | 8 | 25% |
| Accounting firms | 8 | 25% |
| Preparers | 5 | 16% |
| Users | 2 | 6% |
| Regulators | 2 | 6% |
| Mixed stakeholders | 7 | 22% |
| Total | 32 | 100% |

Diagram C5—Analysis of outreach events with stakeholders after the consultation period by geographical distribution[14]



| Region | Number | Percentage |
|---|---|---|
| Asia and Oceania | 35 | 37% |
| Europe | 26 | 28% |
| Americas | 13 | 14% |
| Global | 11 | 12% |
| Africa | 1 | 1% |
| Mixed | 8 | 8% |
| Total | 94 | 100% |

Diagram C6—Analysis of outreach events with stakeholders after the consultation period by respondent type

| Respondent type | Number | Percentage |
|---|---|---|
| Standard-setters | 27 | 29% |
| Preparers | 18 | 19% |
| Accounting firms | 15 | 16% |
| Users | 12 | 13% |
| Regulators | 10 | 10% |
| Mixed stakeholders | 12 | 13% |
| Total | 94 | 100% |

[14] Outreach events with stakeholders after the consultation period covered various topics.

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

Table D1—IASB's decisions on 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 | 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 | 1. The IASB decided:<br>(a) to keep the project's objectives unchanged;<br>(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<br>(c) to proceed with redeliberating the proposals in the Exposure Draft.<br>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 | 1. The IASB decided:<br>(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?'.<br>(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.<br>2. The IASB also decided:<br>(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.[15]<br>(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. |

[15] In February 2026, the IASB published the Exposure Draft *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*. The Exposure Draft proposed amending IAS 28 to clarify that an entity that has a main business activity of investing in particular types of assets (as set out in paragraph 49(a) of IFRS 18 *Presentation and Disclosure in Financial Statements*) is eligible to elect the fair value option in IAS 28. The IASB issued the amendments resulting from this Exposure Draft on 26 June 2026.

Table D2—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 | 1. The IASB tentatively decided to proceed with its proposals to require an investor on obtaining significant influence or joint control:<br>(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<br>(b) to recognise contingent consideration as part of the consideration transferred and measure it at fair value.<br>2. The IASB tentatively decided to proceed with its proposals to require an investor after obtaining significant influence or joint control:<br>(a) not to remeasure contingent consideration classified as an equity instrument;<br>(b) to measure other contingent consideration at fair value at each reporting date; and<br>(c) to recognise changes in fair value in profit or loss.<br>3. The IASB tentatively decided to proceed with its proposals to require an investor when purchasing an additional ownership interest in an associate or joint venture to apply the requirements described in (2). |
| | October 2025 | 4. The IASB tentatively decided to require acquisition-related costs incurred by an investor:<br>(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.<br>(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. |

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| | April 2026 | 5. The IASB also tentatively decided to require an investor to apply the requirements in (4) prospectively from the transition date.<br>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.<br>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 *Financial Instruments: Presentation* and IFRS 9 *Financial Instruments*.<br>8. The IASB tentatively decided not to add a requirement that, before recognising a gain on a bargain purchase, an investor would:<br>(a) reassess whether it has correctly identified all the assets and liabilities of the associate; and<br>(b) review the procedures used to measure the fair value of the share of the associate's identifiable assets and liabilities. |
| Changes in an investor's ownership interest—purchases of an additional ownership interest | November 2025 | 1. The IASB tentatively decided to proceed with its proposal to require an investor, at the date of purchase of an additional ownership interest, to measure that interest at the fair value of the consideration transferred.<br>2. The IASB tentatively decided to proceed with its proposal to require an investor, 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.<br>3. The IASB also tentatively decided to extend the measurement period described in paragraph 45 of IFRS 3 *Business Combinations* to when an investor obtains significant influence over an associate or purchases an additional ownership interest in an associate. |

| Topic | IASB Meeting | IASB's decisions |
| --- | --- | --- |
| | March 2026<br><br><br><br><br><br><br><br><br><br><br><br><br>April 2026 | 4. The IASB tentatively decided:<br>(a) to provide relief from the 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.<br>(b) to permit an investor to apply the relief if 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 (eligibility criterion).<br>(c) to list the factors an investor considers in assessing the eligibility criterion.<br>(d) not to specify alternative measures to fair value that an investor is permitted to use when using the relief.<br>(e) to permit optional use of the relief.<br>5. The IASB tentatively decided to confirm the proposal to require an investor to recognise a bargain purchase gain from the purchase of an additional ownership interest in profit or loss.<br>6. The IASB tentatively decided to confirm the proposal that, after reducing the carrying amount of its investment to nil, an investor is not required to immediately recognise losses not recognised on its previously held investment when it purchases an additional ownership interest. |
| Changes in an investor's ownership interest—Disposal of a portion of an investment in an associate | November 2025 | 1. The IASB tentatively decided to proceed with its proposals to require an investor disposing of a portion of an investment:<br>(a) to measure the disposed portion as a percentage of the carrying amount of the investment (calculated as the disposed ownership interest divided by the total ownership interest); and |

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| | | (b) to recognise the difference between the consideration received and the portion derecognised as a gain or loss in profit or loss. |
| Other changes in an investor's ownership interest | March 2026 | 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:<br>(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<br>(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.<br>2. The IASB tentatively decided:<br>(a) not to provide illustrative examples of some fact patterns to clarify how an investor would apply paragraphs 30–33 of the Exposure Draft.<br>(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;<br>(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;<br>(d) not to introduce requirements for hybrid instruments (for example, hybrid instruments that affect dividend distribution but not voting rights); and<br>(e) not to introduce requirements for when an investor could combine transactions. |

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| Transactions with associates | October 2025<br>February 2026<br><br><br><br><br><br>May 2026 and July 2026 | 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:<br>(a) to understand the concerns of respondents who said the proposals could increase opportunities for earnings management; and<br>(b) to understand whether enhancing disclosures or adding guidance might resolve these concerns.<br>The IASB discussed the feedback from the further work undertaken in February 2026.<br>2. The IASB decided to retain within the scope of the project the application question on inconsistency between IAS 28 and IFRS 10 *Consolidated Financial Statements*.<br>3. The IASB tentatively decided:<br>(a) 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, which would be recognised in full;<br>(b) to confirm its proposal in the Exposure Draft to withdraw the amendments in *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (2014); and<br>(c) to amend IFRS 10 to require an investor that chooses to restrict gains and losses on transactions with associates to also restrict gains or losses on the loss of a control of a subsidiary that is not a business.<br>4. The IASB tentatively decided that:<br>(a) if an investor chooses to recognise gains or losses in full, the investor discloses:<br>(i) the accounting policy for recognising gains or losses on transactions with associates; and<br>(ii) gains or losses from 'downstream' transactions with its associates (as proposed in the Exposure Draft); and |

| Topic | IASB Meeting | IASB's decisions |
| --- | --- | --- |
| | | (b) if an investor chooses to restrict the recognition of gains or losses, the investor discloses:<br>(i) its accounting policy for recognising gains or losses on transactions with associates;<br>(ii) gains or losses from both 'downstream' and 'upstream' transactions.<br>(iii) a reconciliation of the opening balance to the closing balance of restricted gains or losses on transactions with associates, including:<br>1) the opening balance of the restricted gains or losses;<br>2) the amounts of restricted gains or losses recognised in profit and loss included in the opening balance;<br>3) the amounts of restricted gains or losses during the period, separately disclosing the amounts recognised in profit and loss in the current period; and<br>4) the closing balance of restricted gains or losses.<br>(iv) the amount of gains or losses restricted at the end of the period and where it is included in the statement of financial position; and<br>(v) the line items in the statement of comprehensive income where the restricted gains or losses have been recognised.<br>5. The IASB tentatively decided to expand the disclosure objective in paragraph 20 of IFRS 12 *Disclosure of Interests in Other Entities* that investors use in determining the types of transactions with associates for which gains or losses would be disclosed.<br>6. The IASB tentatively decided to require investors to disclose the nature of transactions with associates and whether those transactions are included in the disclosure of gains and losses (see 4(a)(ii) and (4)(b)(ii)).<br>7. The IASB tentatively decided to provide an exemption from disclosing gains and losses from transactions with associates only if: |

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| | | (i) the information disclosed can be attributed to an individual associate; and<br>(ii) the transactions are part of the investor's ordinary activities.<br>8. The IASB tentatively decided not to prescribe whether an investor discloses the reconciliation between the opening balance and closing balance of restricted gains and losses (see 4(b)(iii)) separately from or combined with the reconciliation between the opening and closing balance of the carrying amounts of investments in associates. |
| Impairment of an investment | February 2026 | 1. The IASB tentatively decided to retain guidance from IAS 28:<br>(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<br>(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.<br>2. The IASB tentatively decided:<br>(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';<br>(b) to proceed with its proposal to remove from IAS 28 the reference to a 'significant or prolonged' decline in fair value;<br>(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<br>(d) to clarify that for a publicly traded associate, the investor considers the quoted market price at the reporting date. |

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| | | 3. The IASB tentatively decided:<br>(a) not to move the impairment requirements from IAS 28 to IAS 36 *Impairment of Assets*; and<br>(b) not to consider two application issues relating to the reversal of an impairment loss |
| Investor's share of the associate's profit or loss and other comprehensive income | May 2026 | 1. The IASB tentatively decided to confirm its proposal that an investor first recognises its share of an associate's profit or loss and then the share of the associate's other comprehensive income, if both shares are losses and in aggregate exceed the carrying amount of the net investment in the associate.<br>2. The IASB tentatively decided to withdraw its proposal that an investor continues to recognise and separately present its share of an associate's profit or loss and its share of the associate's other comprehensive income after the investor has reduced the net investment to nil.<br>3. The IASB decided not to add to the scope of the project a question on whether an investor, on resuming the recognition of its share of profit after the investment has been reduced to nil, should first recognise its share of an associate's profit or loss or its share of the associate's other comprehensive income. |
| Separate financial statements | June 2026 | 1. The IASB tentatively decided that:<br>(a) an investor that applies the equity method to associates in its separate financial statements may choose either to restrict recognition of gains or losses (except for gains or losses on transfer of businesses, which would be recognised in full) or to recognise gains and losses in full on all transactions with associates. The investor need not apply the same accounting policy to the recognition of gains and losses on transactions with associates in its consolidated and separate financial statements.<br>(b) a parent that applies the equity method to subsidiaries in its separate financial statements may choose either to restrict the recognition of gains or losses or to recognise gains and losses in full on all transactions with subsidiaries. |

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| | | 2. The IASB tentatively decided to withdraw its proposals in the Exposure Draft that:<br>(a) an entity does not remeasure its previously held interest in an investment accounted for using the equity method if it acquires control of that investment and continues applying the equity method; and<br>(b) an entity does not remeasure a retained interest in a former subsidiary if it loses control of the subsidiary and continues applying the equity method to the retained interest.<br>3. The IASB also decided not to add to the scope of the project application questions on measurement of cost, step acquisition and loss of control of an investment in a subsidiary accounted for at cost in separate financial statements. |
| Disclosure requirements—IFRS 12 | June 2026 | 1. The IASB tentatively decided to confirm its proposals in the Exposure Draft to require an investor to disclose:<br>(a) gains or losses from other changes in its ownership interest;<br>(b) information about contingent consideration arrangements; and<br>(c) a reconciliation between the opening and closing carrying amount for its associates.<br>2. The IASB also tentatively decided to confirm its proposal in the Exposure Draft to introduce a disclosure objective to disclose information that would enable users of financial statements to understand changes in the carrying amount of investment in associates.<br>3. The IASB tentatively decided that, if an investor applies the relief from measuring at fair value the additional share of the associate's or joint venturer's identifiable assets and liabilities, when purchasing an additional ownership interest and retaining significant influence, the investor discloses the use of that relief. |

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| Disclosure requirements—IFRS 19 | | 4. The IASB tentatively decided:<br>(a) to confirm its proposal in the Exposure Draft to amend IFRS 19 to require an eligible subsidiary to disclose information about contingent consideration arrangements; and<br>(b) not to require an eligible subsidiary to disclose a reconciliation between the opening and closing carrying amount of its associates.<br>5. The IASB tentatively decided that, if an eligible subsidiary applies the relief from measuring at fair value the additional share of an associate's identifiable assets and liabilities, the eligible subsidiary is not required to disclose the use of that relief when purchasing an additional ownership interest and retaining significant influence. |
| Transition requirements in the revised IAS 28 | July 2026 | 1. The IASB tentatively decided to:<br>(a) confirm its proposal in the Exposure Draft to require an investor to retrospectively apply a change in the accounting policy for recognising gains or losses from transactions with associates, subject to (b)–(c).<br>(b) The IASB tentatively decided to provide relief from retrospective application for cases in which retrospective application would involve undue cost or effort.<br>(c) The IASB tentatively decided to clarify that the requirement in (a) applies only to the unrecognised portion of a previously restricted gain or loss at the transition date.<br>(d) The IASB tentatively decided not to clarify that the retrospective application in (a) is subject to the 'impracticability exemption' in IAS 8 *Basis of Preparation of Financial Statements*.<br>2. The IASB tentatively decided to confirm its other proposals in the Exposure Draft related to:<br>(a) the transition requirements for contingent consideration, subject to clarifying that the requirement to recognise and measure contingent consideration at fair value at the transition date applies only to outstanding contingent consideration obligations at that date. |

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| | | (b) the transition requirements for the impairment of an investment in an associate at the transition date, subject to clarifying that the investor is permitted to estimate the recoverable amount of the investment at the transition date.<br>(c) the prospective application of all the other requirements from the transition date of the amendments.[16]<br>(d) the reliefs from:<br>(i) restating any prior period presented in addition to the comparative period; and<br>(ii) disclosing the effects of the proposed requirements on the current period or any unadjusted additional prior period (as required by paragraph 28(f) of IAS 8 and paragraph 178(f) of IFRS 19).<br>3. The IASB also tentatively decided to add a transition requirement for an investor that has unrecognised losses at the transition date to recognise an adjustment to the opening balance of retained earnings at the transition date and a corresponding decrease in the carrying amount of the investment for the lower of:<br>(a) the amount of the unrecognised losses; or<br>(b) the amount of the increase to the carrying amount of the investment resulting from applying the transition requirements in paragraphs C4–C7 of Appendix C *Effective date and transition* of the Exposure Draft.<br>4. The IASB also tentatively decided to require an investor to apply the transition requirements for a change in the accounting policy for recognising gains or losses from transactions with associates to the |

[16] The tentative decision on the July 2026 IASB *Update* has been updated from using the term 'effective date' to 'transition date'.

| Topic | IASB Meeting | IASB's decisions |
|---|---|---|
| | | related amendments in preparing its consolidated financial statements (IFRS 10 *Consolidated Financial Statements*) and separate financial statements (IAS 27 *Separate Financial Statements*). |
| Transition requirements for first-time adopters | July 2026 | 1. The IASB tentatively decided:<br>(a) to clarify that the exemption in paragraph C5 of IFRS 1 *First-time Adoption of International Financial Reporting Standards* for past acquisitions of investments in associates also applies on purchase of an additional ownership interest while retaining significant influence; and<br>(b) not to include in IFRS 1 any other transition requirements for the amendments to IAS 28. |

## Appendix E—Meetings of the IASB and its consultative bodies since publication of the Exposure Draft (from May 2025)[17]

Table E1—IASB meetings since publication of the Exposure Draft

| Time | Topics discussed |
|---|---|
| May 2025 | • Feedback on the Exposure Draft |
| June 2025 | • Project plan for redeliberation of the proposals in the Exposure Draft |
| September 2025 | • Consideration of additional application questions<br>• Changes in an investor's ownership interest through purchase of an additional interest |
| October 2025 | • Acquisition-related costs<br>• Transactions with associates and consideration of possible earnings management |
| November 2025 | • Measurement of the cost of an associate<br>• Purchases of an additional ownership interest<br>• Disposal of a portion of an investment in an associate. |
| February 2026 | • Impairment indicators and other impairment matters<br>• Feedback from additional work on transactions with associates |
| March 2026 | • Other changes in ownership interest<br>• Purchases of an additional ownership interest—Relief |
| April 2026 | • Purchases of additional ownership interests<br>• Other matters on the cost of an associate |
| May 2026 | • Transactions with associates—Analysis of feedback and possible ways forward<br>• Presentation of the investor's share of the associate's profit or loss and other comprehensive income |
| June 2026 | • Separate financial statements<br>• Proposed amendments to the disclosure requirements in IFRS 12 *Disclosure of Interests in Other Entities*<br>• Proposed amendments to the disclosure requirements in IFRS 19 *Subsidiaries without Public Accountability Disclosures* |
| July 2026 | • Disclosure requirements for transactions with associates<br>• Transition requirements in the revised IAS 28<br>• Transition requirements for first-time adopters<br>• Sweep issues |

[17] Link to the papers discussed in Tables E1 and E2 are in the Equity Method project page.

Table E2—Consultative group meetings since publication of the Exposure Draft

| Time | Topics discussed |
|---|---|
| *Accounting Standards Advisory Forum* | |
| March 2025 | • Feedback on the Exposure Draft |
| October 2025 | • Acquisition-related costs<br>• Other changes in an investor's ownership interest—Dilution gains or losses |
| March 2026 | • Feedback from additional work on transactions with associates |
| *Capital Markets Advisory Committee* | |
| June 2025 | • Purchase of an additional ownership interest (jointly with GPF) |
| November 2025 | • Transactions with associates—Recognising gains and losses in full |
| *Global Preparers Forum* | |
| June 2025 | • Purchase of an additional ownership interest (jointly with CMAC) |
| November 2025 | • Transactions with associates—Recognising gains and losses in full |
| *Emerging Economies Group* | |
| November 2025 | • Purchases of an additional ownership interest—Providing relief from applying the proposal |

## Appendix F—Extracts from the IFRS Foundation's *Due Process Handbook*

E1. Paragraphs 3.46–3.48 of the *Due Process Handbook* set out the mandatory and optional due process steps.

> 3.46 The mandatory due process steps include:
>
> (a) debating any proposals at public meetings;
>
> (b) exposing for public comment a draft of any proposed new Standard, proposed amendment to a Standard or proposed Interpretation, with a minimum comment period;
>
> (c) considering in a timely manner comment letters received on the proposals;
>
> (d) considering whether the proposals should be re-exposed;
>
> (e) consulting the *Accounting Standards Advisory Forum* (ASAF), the *Sustainability Standards Advisory Forum* (SSAF) and the *IFRS Advisory Council* (Advisory Council) on the work plan, major projects, proposals to add projects to the work plan and work priorities; and
>
> (f) deciding in a public IASB meeting whether to ratify an Interpretation.
>
> 3.47 Other steps specified in the *Constitution* are not mandatory. These steps include:

(a) publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed;

(b) creating consultative groups or other types of specialist advisory groups for major projects;

(c) holding public hearings; and

(d) undertaking fieldwork.

3.48 If a board decides not to undertake any of those non-mandatory steps, it informs the DPOC of its decision and reasons for not undertaking the steps.

E2. Paragraphs 6.29–6.32 of the *Due Process Handbook* set out re-exposure criteria.

6.29 When considering whether there is a need for re-exposure, a board:

(a) identifies substantial issues that emerged during the comment period on the exposure draft that it had not previously considered;

(b) assesses the evidence that it has considered;

(c) assesses whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and

(d) considers whether the various viewpoints were appropriately represented in the exposure draft and adequately discussed in the basis for conclusions on the exposure draft.

6.30 A Standard or an amendment to a Standard will inevitably include changes to the proposals in the exposure draft. However, changes to the proposals by a board before the

Standard or amendment is issued do not necessarily compel the board to expose revised proposals. The board assesses whether the changes it has made after publishing the exposure draft include any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the exposure draft or the basis for conclusions on the exposure draft. The board also considers whether it will learn anything new by exposing revised proposals. If the board is satisfied that the changes that it has made respond to the feedback and that it is unlikely that re-exposure would reveal any new concerns, it proceeds to finalise the proposed requirements.

6.31 The more extensive and fundamental the changes from the exposure draft—especially if the changes from the exposure draft would require a significant change from current practice—the more likely the need for re-exposure. However, the board weighs the cost of delaying improvements to financial reporting against the relative urgency of introducing the changes and any additional steps it has taken to consult stakeholders since the exposure draft was published. Consultative groups or targeted consultation can give the board information to inform a decision to finalise the proposed requirements without re-exposure.

6.32 A board decides at a public meeting whether to publish revised proposals for comment. If the board decides that re-exposure is necessary, the due process followed is the same as for the first exposure draft. However, after the first exposure of a proposed Standard, a shortened comment period might be appropriate, particularly if the board is seeking comments on only aspects of the revised proposals, while recognising that respondents might not limit their comments to these aspects. The public comment period for such documents will normally be at least 90 days. However, the board can set a comment period of less than 90 days in accordance with paragraphs 6.8–6.9.