

IAS 28 *Investments in Associates* (January 2013)

Impairment of investments in associates in separate financial statements

In the July 2012 meeting, the Interpretations Committee received an update on the issues that have been referred to the IASB and that have not yet been addressed. The Interpretations Committee asked the staff to update the analysis and perform further outreach on an issue about the impairment of investments in associates in separate financial statements. More specifically, the issue is whether, in its separate financial statements, an entity should apply the provisions of IAS 36 *Impairment of Assets* or IAS 39 *Financial Instruments: Recognition and Measurement* to test its investments in subsidiaries, joint ventures, and associates carried at cost for impairment.

The Interpretations Committee noted that according to paragraph 38 of IAS 27 *Consolidated and Separate Financial Statements* an entity, in its separate financial statements, shall account for investments in subsidiaries, joint ventures and associates either at cost or in accordance with IAS 39.

The Interpretations Committee also noted that according to paragraphs 4 and 5 of IAS 36 and paragraph 2(a) of IAS 39, investments in subsidiaries, joint ventures, and associates that are not accounted for in accordance with IAS 39 are within the scope of IAS 36 for impairment purposes. Consequently, in its separate financial statements, an entity should apply the provisions of IAS 36 to test for impairment its investments in subsidiaries, joint ventures, and associates that are carried at cost in accordance with paragraph 38(a) of IAS 27 (2008) or paragraph 10(a) of IAS 27 *Separate Financial Statements* (2011).

The Interpretations Committee concluded that in the light of the existing IFRS requirements an interpretation or an amendment to IFRSs was not necessary and consequently decided not to add this issue to its agenda.