



Exposure Draft  
ED/2012/3 Equity Method: Share of Other Net Asset Changes  
Comment Letters  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UK

Dear Sir/Madam,

In the present letter ICAC gives its view on IASB's ED/2012/3 Equity Method: Share of Other Net Asset Changes (Proposed amendments to IAS 28).

In general terms, we agree that diversity in practice exists on how investors should recognise their share of the changes in the net assets of an investee that are not recognised in profit or loss or other comprehensive income of the investee, and are not distributions received ("other net asset changes"). It could justify different views for this issue.

In the last analysis, the cause of the problem would be to make a pronouncement about the treatment of the difference between investee fair value and the carrying amount of its corresponding net asset and liabilities when they result in decreases or increases of the percentage of the ownership interest, without any cash flows from the investor (amount payable or received), it means, without a direct decreases or increases in the investor's ownership interest.

We consider that if a decreasing in the percentage of interest results, the difference between investee fair value and the carrying amount of its corresponding net asset and liabilities, that third parts pay inside the price should be considered as actual disposals and in consequence, the investor should account for the investee's other





net asset changes, because the increase of capital in an indirect way shows that circumstance. In such cases, we think the investor should account for the investee's other net asset changes that result in indirect decreases and increases in the investor's ownership interest, in the same way as actual disposals and acquisitions of interest in the investee. Under this view, reclassification would not be necessary.

On the other hand, if an increasing in the percentage of interest is making, for example, when an investee buys back shares from third parties, such changes should be recognised in the investor's equity. In that situations, buying the difference between investee fair value and the carrying amount of its corresponding net asset and liabilities by the investee, different from the ones the investor can received and that will be treat in general terms ( if it is the case, profit), in spite of it causes a decreasing of the amount using the equity method, it does not show a loss but it reflects a transaction with investors. In such cases, we consider appropriate that such a change being attributed to equity. In such cases we agree with IASB's proposal, that other net asset changes are recognised in equity and reclassified to profit or loss when the investor discontinues the use of the equity method.

Please don't hesitate to contact us if you would like to clarify any point of this letter,

Yours sincerely,

Ana Mª Martínez-Pina  
Chairman of ICAC