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FA FB – öffentliche SITZUNGSUNTERLAGE

Sitzung:	34. FA FB / 26.11.2024 / 08:00 – 09:30 Uhr
TOP:	05 – IASB ED/2024/7 Equity Method of Accounting
Thema:	Erörterung der Änderungsvorschläge des IASB
Unterlage:	34_05a_FA-FB_Equity_Präs

IASB ED/2024/7 *Equity Method of Accounting*



Überblick

- ❖ Veröffentlichung am 19. September 2024
- ❖ Kommentierungsfrist bis 20. Januar 2025

Hintergrund

(ursprüngliche) Kritik an der Equity Methode:

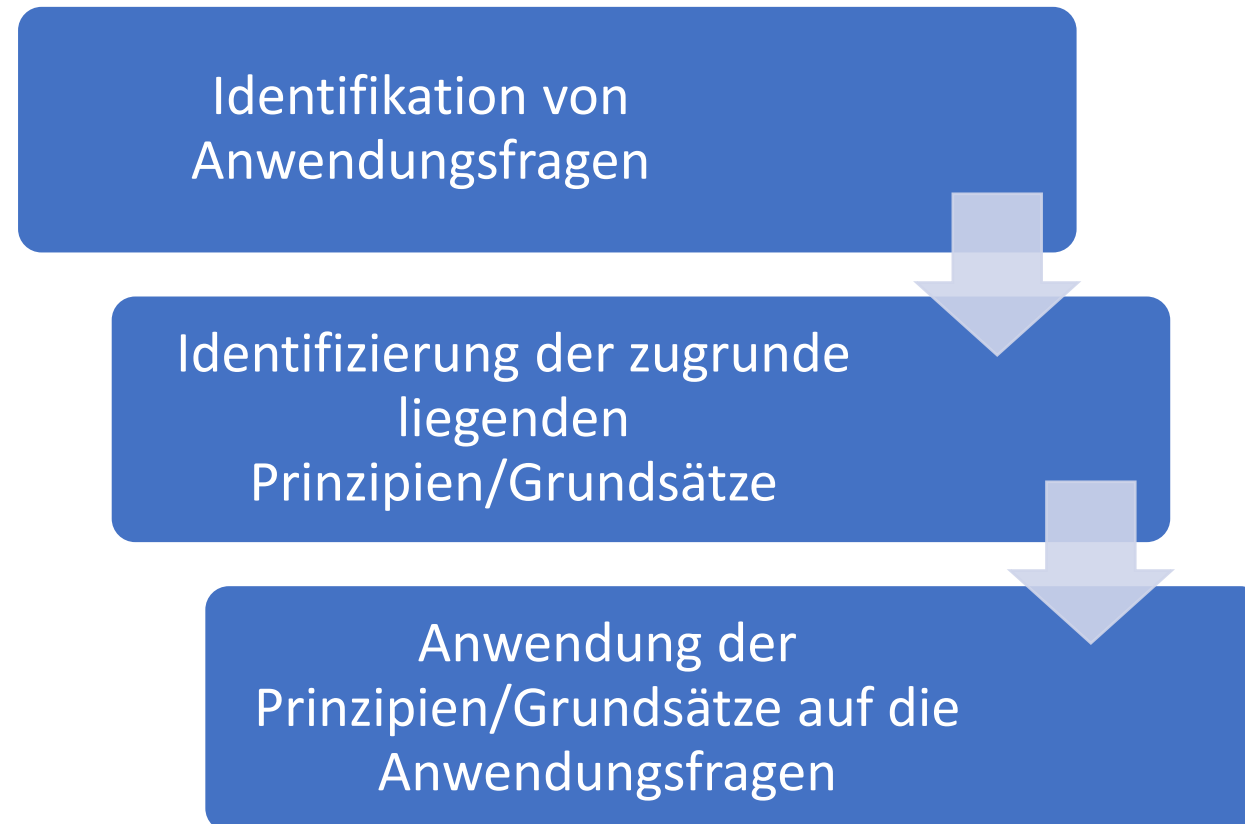
- Nützlichkeit der zur Verfügung gestellten Informationen für Adressaten fraglich
- Komplexität, Interpretation der Equity Methode
- mangelnde Übereinstimmung mit anderen IFRS-Vorschriften

Ziel des Projekts

- Verringerung der *diversity in practice* durch Beantwortung von Anwendungsfragen
- Verbesserung der Verständlichkeit von IAS 28 *Anteile an assoziierten Unternehmen und Joint Ventures*

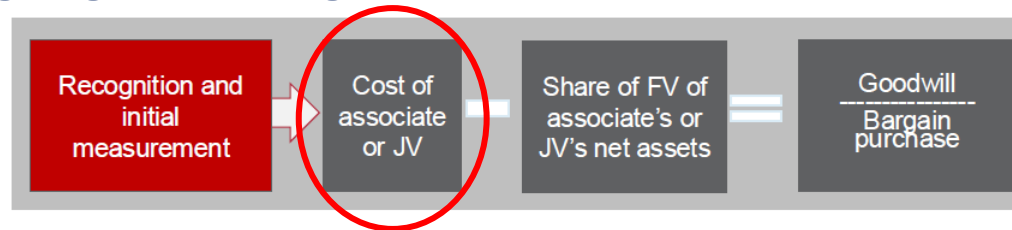


Herangehensweise des IASB



Measurement of cost of an associate

Erlangung von maßgeblichem Einfluss



Anwendungsfragen

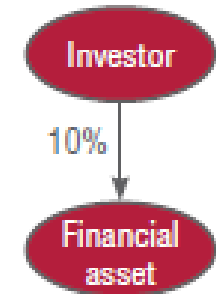
Ermittlung der Anschaffungskosten

- Einbezug zuvor gehaltener Anteile
- Berücksichtigung bedingter Gegenleistungen

Vorschlag

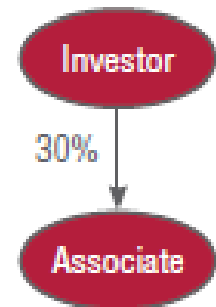
- Bewertung zum Fair Value (FV) der *consideration transferred*
 - inkl. FV zuvor gehaltener Anteile
- Einbezug bedingter Gegenleistungen zum FV
Folgebewertung:
 - *equity instrument*: kein *remeasurement*
 - andere: zu jedem Stichtag FV-Bewertung; FV-Änderungen in P&L

Before transaction



Investment is a financial asset

After transaction



Investment is an associate

Measurement of cost of an associate

Question 1—Measurement of cost of an associate

(Appendix A and paragraphs 13, 22, 26 and 29 of [draft] IAS 28 (revised 202x))

Paragraph 32 of IAS 28 requires an investor that obtains significant influence to account for the difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable assets and liabilities either as goodwill (included in the carrying amount of the investment) or as a gain from a bargain purchase (recognised in profit or loss). However, IAS 28 does not include requirements for how an investor measures the cost of the investment on obtaining significant influence – for example:

- (a) whether to measure any previously held ownership interest in the associate at fair value; or
- (b) whether and if so how to recognise and measure contingent consideration.

The IASB is proposing an investor:

- (a) measure the cost of an associate, on obtaining significant influence, at the fair value of the consideration transferred, including the fair value of any previously held interest in the associate.
- (b) recognise contingent consideration as part of the consideration transferred and measure it at fair value. Thereafter:
 - (i) not remeasure contingent consideration classified as an equity instrument; and
 - (ii) measure other contingent consideration at fair value at each reporting date and recognise changes in fair value in profit or loss.

Paragraphs BC17–BC18 and BC89–BC93 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals?

If you disagree, please explain why you disagree and your suggested alternative.

Changes in an investor's ownership interest while retaining significant influence

statuswahrende Anteilsänderungen

Erwerb zusätzlicher Anteile

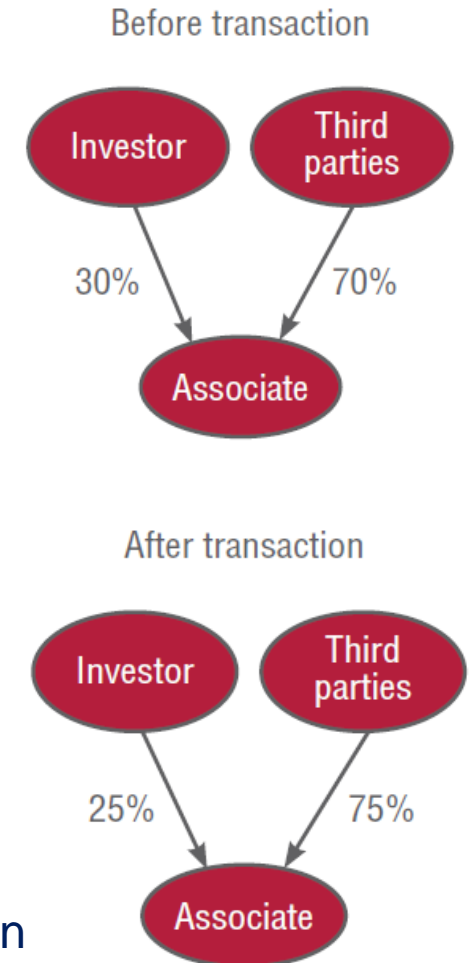
- (I) Erfassung des zus. Anteils zum FV der *consideration transferred*
- (II) Erhöhung des Buchwerts der Beteiligung um den zusätzlichen Anteil am beizulegenden Zeitwert der identifizierbaren Vermögenswerte und Schulden
- Erfassung eines Unterschiedsbetrags zwischen (I) und (II) als Goodwill (im Buchwert der Beteiligung) oder als *bargain purchase* in der P&L

(Teil-)Veräußerung von Anteilen

- Bewertung des veräußerten Anteils als Prozentsatz des Buchwerts der Beteiligung zum Zeitpunkt der Veräußerung
- Erfassung der Differenz zwischen dem erhaltenen Entgelt und dem veräußerten Anteil als Gewinn oder Verlust in der P&L

Andere Änderungen des Eigentumsanteils (bspw. Ausgabe zus. Aktien)

- Analog eines Erwerbs zusätzlicher Anteile oder der Veräußerung von Anteilen



Changes in an investor's ownership interest while retaining significant influence

Question 2—Changes in an investor's ownership interest while retaining significant influence

(Paragraphs 30–34 of [draft] IAS 28 (revised 202x))

IAS 28 does not include requirements on how an investor accounts for changes in its ownership interest in an associate, while retaining significant influence, that arise from:

- (a) the purchase of an additional ownership interest in the associate;
- (b) the disposal of an ownership interest (partial disposal) in the associate; or
- (c) other changes in the investor's ownership interest in the associate.

The IASB is proposing to require that an investor:

- (a) at the date of purchasing an additional ownership interest in an associate:
 - (i) recognise that additional ownership interest and measure it at the fair value of the consideration transferred;
 - (ii) include in the carrying amount the investor's additional share of the fair value of the associate's identifiable assets and liabilities; and
 - (iii) account for any difference between (i) and (ii) either as goodwill included as part of the carrying amount of the investment or as a gain from a bargain purchase in profit or loss.

- (b) at the date of disposing of an ownership interest:
 - (i) derecognise the disposed portion of its investment in the associate measured as a percentage of the carrying amount of the investment; and
 - (ii) recognise any difference between the consideration received and the amount of the disposed portion as a gain or loss in profit or loss.
- (c) for other changes in its ownership interest in an associate:
 - (i) recognise an increase in its ownership interest, as if purchasing an additional ownership interest. In (a)(i), 'the fair value of the consideration transferred' shall be read as 'the investor's share of the change in its associate's net assets arising from the associate's redemption of equity instruments'.
 - (ii) recognise a decrease in its ownership interest, as if disposing of an ownership interest. In (b)(ii) 'the consideration received' shall be read as 'the investor's share of the change in its associate's net assets arising from the associate's issue of equity instruments'.

Paragraphs BC20–BC44 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals?

If you disagree, please explain why you disagree and your suggested alternative.

Recognition of the investor's share of losses

Erfassung des Verlustanteils des Investors

Anwendungsfall

Investor hat den Buchwert des assoziierten Unternehmens auf Null reduziert, weitere Verluste werden nicht erfasst (bislang IAS 28.38)

Anwendungsfragen und Vorschläge

- a) Erwerb eines zusätzlichen Anteils → „Nachholung“ der unterbliebenen Verlust erfassung durch Reduzierung des Buchwerts der zusätzlichen Anteile?
 - Nein

- b) separate Erfassung und Ausweis seines Anteils am *profit or loss* sowie des *other comprehensive income* des assoziierten Unternehmens
 - bei Reduzierung des Buchwerts auf Null: zuerst Erfassung des Anteils am *profit or loss*, dann des Anteils am OCI
 - nach Reduzierung des Buchwerts auf Null: weiterhin separate Erfassung und Ausweis

Recognition of the investor's share of losses

Question 3—Recognition of the investor's share of losses

(Paragraphs 49–52 of [draft] IAS 28 (revised 202x))

Paragraph 38 of IAS 28 requires that if an investor's share of losses equals or exceeds its interest in the associate, the investor discontinue recognising its share of further losses. However, IAS 28 does not include requirements on whether an investor that has reduced the carrying amount of its investment in an associate to nil:

- (a) on purchasing an additional ownership interest, recognises any losses not recognised as a 'catch up' adjustment by deducting those losses from the cost of the additional ownership interest; or
- (b) recognises separately its share of each component of the associate's comprehensive income.

The IASB is proposing an investor:

- (a) on purchasing an additional ownership interest, not recognise its share of an associate's losses that it has not recognised by reducing the carrying amount of the additional ownership interest.
- (b) recognise and present separately its share of the associate's profit or loss and its share of the associate's other comprehensive income.

Paragraphs BC47–BC62 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals?

If you disagree, please explain why you disagree and your suggested alternative.

Transactions with associates

Transaktionen mit assoziierten Unternehmen und Joint Ventures

Anwendungsfall

Investor verkauft Tochterunternehmen an assoziiertes Unternehmen

Anwendungsfrage und Vorschlag

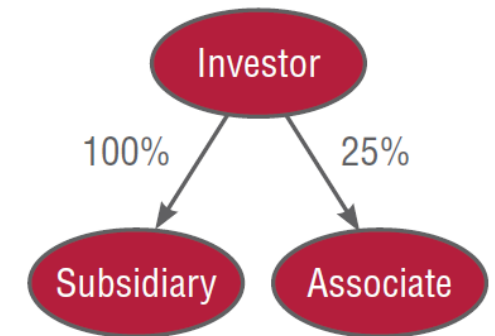
widersprüchliche Regelungen zur Erfolgserfassung*

- IAS 28: Erfolgserfassung in Höhe der Anteile der unabhängigen Anteilseigner
- IFRS 10: vollständige Erfolgserfassung

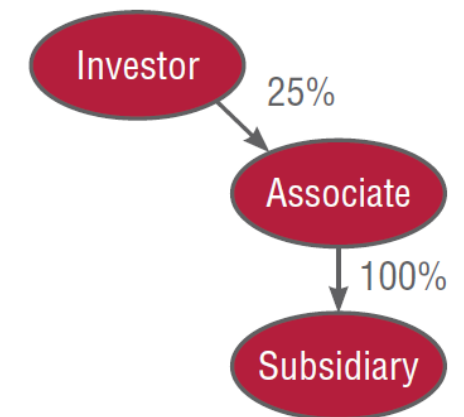
➤ zukünftig vollständige Erfolgserfassung

* im Jahr 2014 veröffentlichte (und auf unbestimmte Zeit verschobene) Änderungen an IAS 28 und IFRS 10 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* werden zurückgezogen

Before transaction



After transaction



Transactions with associates

Question 4—Transactions with associates

(Paragraph 53 of [draft] IAS 28 (revised 202x))

Paragraph 28 of IAS 28 requires an investor to recognise gains and losses resulting from transactions between itself and an associate only to the extent of unrelated investors' interests in the associate.² This requirement applies to both 'downstream' transactions (such as a sale or contribution of assets from an investor to an associate) and 'upstream' transactions (such as a sale of assets from an associate to an investor).

If an investor loses control of a subsidiary in a transaction with an associate, the requirement in IAS 28 to recognise only a portion of the gains or losses is inconsistent with the requirement in IFRS 10 to recognise in full the gain or loss on losing control of a subsidiary.

The IASB is proposing to require that an investor recognise in full gains and losses resulting from all 'upstream' and 'downstream' transactions with its associates, including transactions involving the loss of control of a subsidiary.

Paragraphs BC63–BC84 of the Basis for Conclusions explain the IASB's rationale for this proposal.

Do you agree with this proposal?

If you disagree, please explain why you disagree and your suggested alternative.

Impairment indicators (decline in fair value)

Indikatoren für ein Impairment

Anwendungsfall und -frage

IAS 28.41C: „*a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment*“

→ „cost“ i.S.v. aktuellem Buchwert oder (historischen) Anschaffungskosten?

Vorschläge

- Änderung „*decline ... below its cost*“ in „*decline ... to less than its carrying amount*“
- Streichung „*significant or prolonged*“
- Ergänzung IAS 28 um Erklärungen, dass Informationen über den Fair Value des Investments aus dem Preis, der für den Erwerb eines zusätzlichen Anteils an dem assoziierten Unternehmen gezahlt oder für den Verkauf eines Teils des Anteils erhalten wurde sowie aus einem notierten Marktpreis für das Investment, beobachtet werden können
- Angleichung der Reihenfolge und der Formulierungen an IAS 36
- Keine Änderungen an IAS 36

Impairment indicators (decline in fair value)

Question 5—Impairment indicators (decline in fair value)

(Paragraph 57 of [draft] IAS 28 (revised 202x))

Paragraphs 41A–41C of IAS 28 describe various events that indicate the net investment in an associate could be impaired. Paragraph 41C of IAS 28 states that a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment. One of the application questions asked whether an investor should assess a decline in the fair value of an investment by comparing that fair value to the carrying amount of the net investment in the associate at the reporting date or to the cost of the investment on initial recognition.

The IASB is proposing:

- (a) to replace 'decline...below cost' of an investment in paragraph 41C of IAS 28 with 'decline...to less than its carrying amount';
- (b) to remove 'significant or prolonged' decline in fair value; and
- (c) to add requirements to IAS 28 explaining that information about the fair value of the investment might be observed from the price paid to purchase an additional interest in the associate or received to sell part of the interest, or from a quoted market price for the investment.

The IASB is also proposing to reorganise the requirements in IAS 28 relating to impairment to make them easier to apply, and to align their wording with the requirements in IAS 36 *Impairment of Assets*.

Paragraphs BC94–BC106 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals?

If you disagree, please explain why you disagree and your suggested alternative.

IASB ED/2024/7 *Equity Method of Accounting*



Investments in subsidiaries to which the equity method is applied in separate financial statements

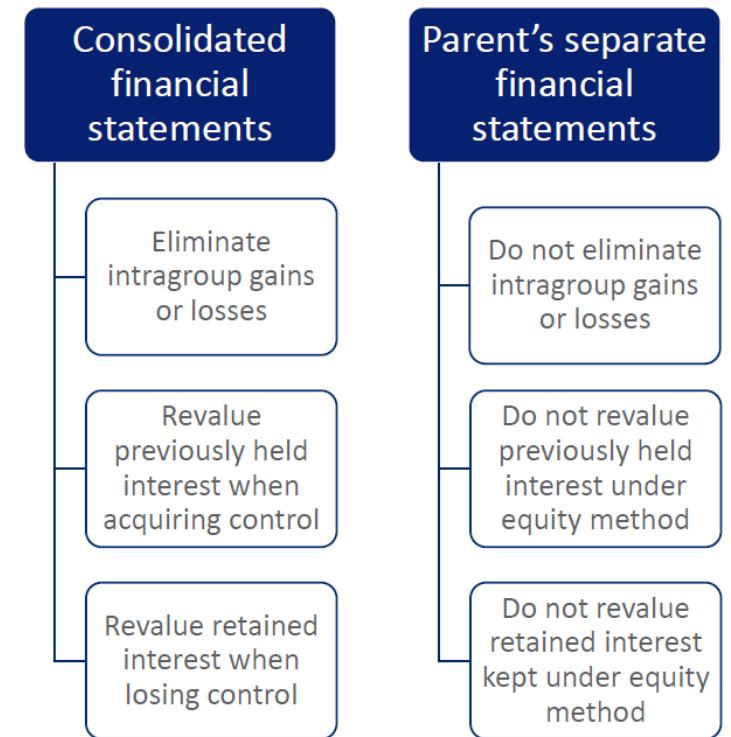
Bilanzierung der Anteile an Tochterunternehmen im Einzelabschluss

IAS 27.10: „When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either:

- (a) at cost;
 - (b) in accordance with IFRS 9; or
 - (c) using the equity method as described in IAS 28.
- ... “

Vorschlag

- keine Änderung des IAS 27.10
- Antworten auf Anwendungsfragen somit auch für die at Equity-Bilanzierung von Tochterunternehmen im Einzelabschluss gültig



IASB ED/2024/7 *Equity Method of Accounting*

Investments in subsidiaries to which the equity method is applied in separate financial statements



Question 6—Investments in subsidiaries to which the equity method is applied in separate financial statements

Paragraph 10 of IAS 27 permits a parent entity to use the equity method in IAS 28 to account for investments in subsidiaries, joint ventures and associates in separate financial statements.

The IASB is proposing to retain paragraph 10 of IAS 27 unchanged, meaning that the proposals in this Exposure Draft would apply to investments in subsidiaries to which the equity method is applied in the investor's separate financial statements.

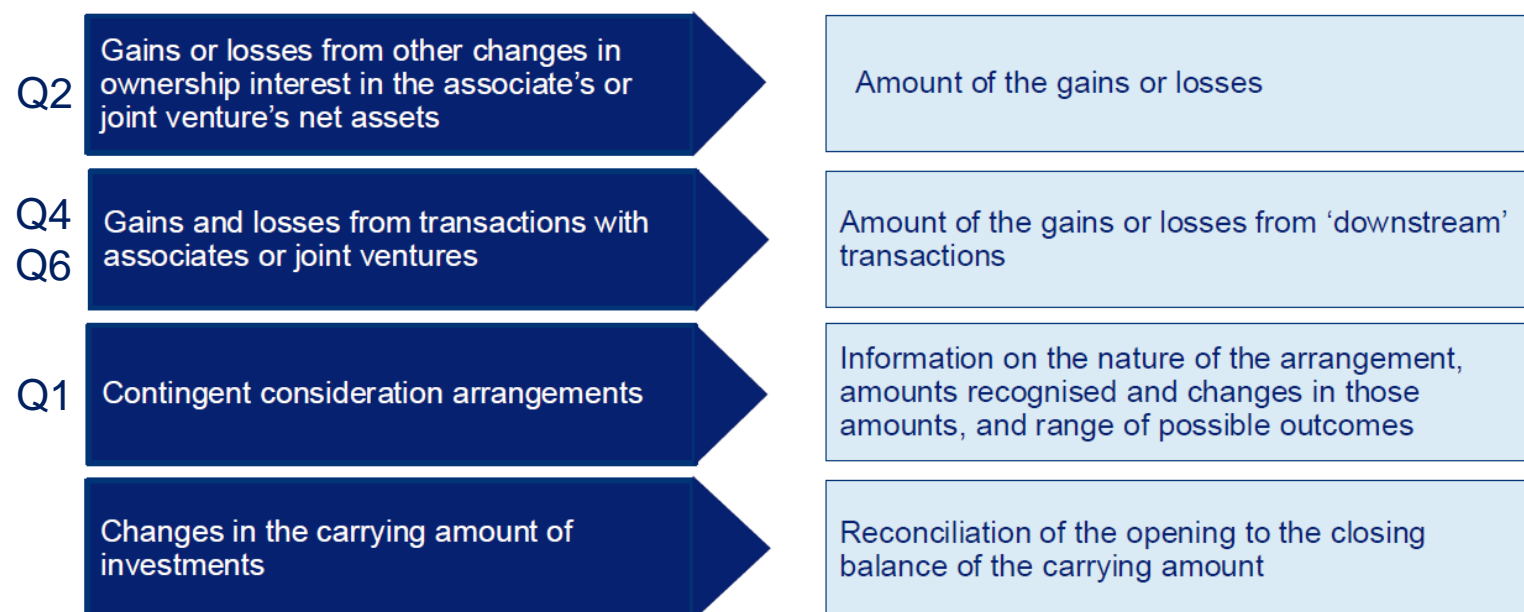
Paragraphs BC112–BC127 of the Basis for Conclusions explain the IASB's rationale for this proposal.

Do you agree with this proposal?

If you disagree, please explain why you disagree and your suggested alternative.

Disclosure requirements

Vorgeschlagene Änderungen an IFRS 12 und IAS 27



Example 2—Reconciliation of investments in associates and joint ventures

	CU
Opening balance	1,200
Acquisitions—new associates	1,000
Acquisitions—additional interests	250
Share of profit or loss for the period	100
Dividends	(200)
Other	(10)
Closing balance	<u>2,340</u>

Disclosure requirements

Question 7—Disclosure requirements

(Paragraphs 20(c), 21(d)–21(e) and 23A–23B of IFRS 12 and paragraph 17A of IAS 27)

The IASB is proposing amendments to IFRS 12 in this Exposure Draft. For investments accounted for using the equity method, the IASB is proposing to require an investor or a joint venturer to disclose:

- (a) gains or losses from other changes in its ownership interest;
- (b) gains or losses resulting from ‘downstream’ transactions with its associates or joint ventures;
- (c) information about contingent consideration arrangements; and
- (d) a reconciliation between the opening and closing carrying amount of its investments.

The IASB is also proposing an amendment to IAS 27 to require a parent – if it uses the equity method to account for its investments in subsidiaries in separate financial statements – to disclose the gains or losses resulting from its ‘downstream’ transactions with its subsidiaries.

Paragraphs BC137–BC171 of the Basis for Conclusions explain the IASB’s rationale for these proposals.

Do you agree with these proposals?

If you disagree, please explain why you disagree and your suggested alternative.

Disclosure requirements for eligible subsidiaries

vorgeschlagene Änderungen an IFRS 19

Angabepflichten für berechnigte Tochterunternehmen

- zu bedingten Gegenleistungen (IFRS 19.91A):
 - (a) *in the period in which the entity obtains significant influence or joint control, or purchases an additional ownership interest:*
 - (i) *the amount recognised at the date the entity obtains significant influence or joint control, or purchases an additional ownership interest;*
 - (ii) *a description of the arrangement; and*
 - (iii) *the basis for determining the amount of the payment; and*
 - (b) *for each subsequent reporting period until the entity collects or settles that contingent consideration or it is cancelled or expires:*
 - (i) *any changes in the amounts recognised, including any differences arising upon settlement; and*
 - (ii) *the valuation techniques and key model inputs used to measure contingent consideration.*
- Angabe von Gewinnen bzw. Verlusten aus *downstream*-Transaktionen mit
 - assoziierten Unternehmen und Joint Ventures
 - gem. IAS 27 at Equity-bewerteten Tochterunternehmen

Disclosure requirements for eligible subsidiaries

Question 8—Disclosure requirements for eligible subsidiaries

(Paragraphs 88(c), 91A and 240A of IFRS 19)

IFRS 19 permits eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. It specifies the disclosure requirements an eligible subsidiary applies instead of the disclosure requirements in other IFRS Accounting Standards.

As part of developing proposed amendments to the disclosure requirements in other IFRS Accounting Standards, the IASB regularly considers which of those proposed amendments should be included in IFRS 19, based on the IASB's principles for reducing disclosure requirements for eligible subsidiaries.

The IASB is proposing amendments to IFRS 19 to require an eligible subsidiary:

- (a) to disclose information about contingent consideration arrangements; and
- (b) to disclose gains or losses resulting from 'downstream' transactions with its associates or joint ventures.

The IASB is also proposing an amendment to IFRS 19 to require a subsidiary that chooses to apply the equity method to account for its investments in subsidiaries in separate financial statements to disclose gains or losses resulting from 'downstream' transactions with those subsidiaries.

Paragraphs BC172–BC177 of the Basis for Conclusions explain the IASB's rationale for these proposals.

Do you agree with these proposals?

If you disagree, please explain why you disagree and your suggested alternative, taking into consideration the principles for reducing disclosure requirements for eligible subsidiaries applying IFRS 19 (see paragraph BC175 of the Basis for Conclusions).

Transition

vorgeschlagene Übergangsvorschriften

- grundsätzlich prospektive Anwendung der Vorschläge
- Ausnahmen im Übergangszeitpunkt
 - Erfassung des (verbleibenden) zuvor beschränkten Teils der Gewinne/Verluste aus Transaktionen mit assoziierten Unternehmen oder Joint Ventures als Anpassung des Buchwerts und in den Gewinnrücklagen
 - Bewertung der bedingten Gegenleistungen zum beizulegenden Zeitwert und entsprechende Anpassung des Buchwerts des Investments
 - gilt nicht für als Equity Instrument klassifizierte bedingte Gegenleistungen

Transition

Question 9—Transition

(Paragraphs C3–C10 of [draft] IAS 28 (revised 202x))

The IASB is proposing to require an entity:

- (a) to apply retrospectively the requirement to recognise the full gain or loss on all transactions with associates or joint ventures;
- (b) to apply the requirements on contingent consideration by recognising and measuring contingent consideration at fair value at the transition date – generally the beginning of the annual reporting period immediately preceding the date of initial application – and adjusting the carrying amount of its investments in associates or joint ventures accordingly; and
- (c) to apply prospectively all the other requirements from the transition date.

The IASB is also proposing relief from restating any additional prior periods presented. Paragraphs BC178–BC216 of the Basis for Conclusions explain the IASB’s rationale for these proposals.

Do you agree with these proposals?

If you disagree, please explain why you disagree and your suggested alternative.

Expected effects of the proposals

erwartete Auswirkungen der Vorschläge

- auf die Qualität der Finanzberichterstattung
 - Reduzierung der *diversity in practice*
 - Erhöhung der Vergleichbarkeit der Informationen
- erwartete Implementierungs- und Anwendungskosten
 - Beantwortung von Anwendungsfragen
 - Reduzierung der Notwendigkeit/Kosten für eigene *accounting policies*
 - niedrige Implementierungskosten
 - teilweise Reduzierung der Anwendungskosten

Expected effects of the proposals

Question 10—Expected effects of the proposals

Paragraphs BC217–BC229 of the Basis for Conclusions explain the IASB’s analysis of the expected effects of implementing its proposals. Do you agree with this analysis? If not, which aspects of the analysis do you disagree with and why?

Other comments

Question 11—Other comments

Do you have any comments on the other proposals in this Exposure Draft, including Appendix D to the Exposure Draft or the Illustrative Examples accompanying the Exposure Draft?

Do you have any comments or suggestions on the way the IASB is proposing to re-order the requirements in IAS 28, as set out in [draft] IAS 28 (revised 202x)?