

Exposure Draft

Investments in Associates and Joint Ventures

Amendments to Ind AS 28

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Accounting Standards Board
The Institute of Chartered Accountants of India

Draft Amendments to Ind AS 28 *Investments in Associates and Joint Ventures*

Paragraphs 18–19 are amended and paragraph 45M is added. Added text is underlined and deleted text is struck through.

Application of the equity method

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Exemptions from applying the equity method

18. When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, ~~or a~~ mutual fund, unit trust or ~~and~~ similar ~~entities~~ entity ~~including investment-linked insurance funds~~, the entity may elect to measure that investment at fair value through profit or loss in accordance with Ind AS 109. Similar entities include entities that have a main business activity of investing in particular types of assets (see paragraph 49(a) of Ind 118). An example of an investment-linked insurance fund is a fund held by an entity as the underlying items for a group of insurance contracts with direct participation features. For the purposes of this election, insurance contracts include investment contracts with discretionary participation features. An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. ~~(See Ind AS 117, *Insurance Contracts*, for terms used in this paragraph that are defined in that Standard.)~~
19. When an entity has an investment in an associate, a portion of which is held indirectly through a venture capital organisation, ~~or a~~ mutual fund, unit trust ~~and or~~ similar ~~entities~~ entity ~~including investment-linked insurance funds~~, the entity may elect to measure that portion of the investment in the associate at fair value through profit or loss in accordance with Ind AS 109 regardless of whether the venture capital organisation, ~~or the mutual fund, unit trust or and similar entity~~ entities including investment-linked insurance funds, has significant influence over that portion of the investment. If the entity makes that election, the entity shall apply the equity method to any remaining portion of its investment in an associate that is not held through a venture capital organisation, ~~or a mutual fund, unit trust or and similar entity~~ entities including investment-linked insurance funds.

Effective date and transition

45M Amendments to the Fair Value Option for Investments in Associates and Joint Ventures, amended paragraphs 18–19. An entity shall apply these amendments in accordance with paragraph C7 of Ind AS 118 when it applies Ind AS 118*. If an entity has elected to apply Ind AS 118 for an earlier period in accordance with paragraph C1 of Ind AS 118, and that earlier period begins before the issuance of these amendments, the entity shall apply the amendments, in accordance with paragraph C7 of Ind AS 118, for the reporting period ending on or after the issuance of the amendments.

* Ind AS 118 is yet to be notified by the Ministry of Corporate Affairs (MCA).