

Comments have also been submitted at the following link  
<https://asbcomment.icaic.org/submit-a-comment-letter/148>

## **Comments on ED on IAS 28 by EIRC**

### **Question 1—Measurement of cost of an associate**

Do you agree with these proposals?

**Response** - Agreed, the proposed accounting treatment by IASB is aligned to the principles of existing IAS 28 / Ind AS 28

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

Do you agree with these proposals?

**Response** - Agreed,

the proposed accounting treatment by IASB regarding purchase of an additional ownership interest or disposal of ownership interest in the associate; is aligned to the principles of existing IAS 28 / Ind AS 28 .

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

**Response** - Agreed,

### **Question 4—Transactions with associates**

**Response** - Agreed , to bring the accounting treatment in line with IFRS 10 / Ind AS 110 regarding upstream and downstream transactions, proposal of IASB is welcome

### **Question 5—Impairment indicators (decline in fair value)**

**Response** - The IASB' s proposal of replacing 'decline...below cost' of an investment in paragraph 41C of IAS 28 with 'decline...to less than its carrying amount' is reasonable and logical . IASB proposal to remove 'significant or prolonged' decline in fair value is also valid in line with principles of IAS 36 on impairment and similar treatments in case of IFRS 10 / Ind AS 110 .

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

**Response** - agreed

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.

#### **Question 7—Disclosure requirements**

**Response** - In continuation of the above proposals to modify the existing standard, due amendment must be made to IFRS 12 / Ind AS 112 on Disclosure of interest in other entities. The following additional disclosure items thus, should be added in IFRS 12 , to enable users to derive full information and be in a position to evaluate the risks and other consequences flowing in .

- (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.

#### **Proposed amendments in IFRS 19**

##### **Question 8—Disclosure requirements for eligible subsidiaries**

**Response** Agreed, though upstream and downstream transactions shall not be a frequent occurrence

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.

##### **Question 9—Transition**

###### **Response**

- a) to apply retrospectively the requirement to recognise the full gain or loss on all transactions with associates or joint ventures : agreed, but this may involve additional efforts
- b) proposing relief from restating any additional prior periods presented - response : welcome move , will reduce further complexities.

##### **Question 10—Expected effects of the proposals**

**Response** - agreed, in principle.

**Question 11—Other comments**

**Response** - no specific comments