

# IASB/ED/2026/1 Amendments to the Fair Value Option for Investments in Associates and Joint Ventures

## Proposed amendments to IAS 28

Exposure draft issued by the IASB in February 2026

Comments from ACCA

17 April 2026

Ref: TECH-CDR-2325

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Further information about ACCA's comments on the matters can be requested from:

Aaron Saw

Head of Corporate Reporting Insights – Financial

[aaron.saw@accaglobal.com](mailto:aaron.saw@accaglobal.com)

ACCA

+44 (0)141 534 4000

[forms.accaglobal.com/contact-us](https://forms.accaglobal.com/contact-us)

[www.accaglobal.com](http://www.accaglobal.com)

The Adelphi 1-11 John Adam Street London WC2N 6AU

**THINK AHEAD**

## GENERAL COMMENTS

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ACCA welcomes the opportunity to provide views in response to the IASB's exposure draft (ED) for *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*. We hope that our comments, which include feedback from our Global Forum for Corporate Reporting, are a helpful contribution to this process.

We believe there are merits to clarifying which entities are eligible to measure investments in an associate or a joint venture using the fair value option in IAS 28, in particular to minimise potential discrepancies with some of the requirements in IFRS 18 when the standard becomes effective. However, the proposed amendments to paragraphs 18 and 19 of IAS 28 do not meet the objective of this project. We suggest the IASB redraft the requirements for scoping these entities to be simpler and principles-based. See our comments in question 1.

We understand and support the IASB's rationale for issuing amendments to IAS 28 before IFRS 18 becomes effective.

Our detailed responses to the specific questions asked are set out below. We have provided our comments on areas which we consider most important or where we have perspectives to add.

## RESPONSES TO SPECIFIC QUESTIONS RAISED

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### Question 1 – Proposed amendments to paragraphs 18–19 of IAS 28

Paragraphs 18 – 19 of IAS 28 permit an entity to elect to measure an investment in an associate or a joint venture at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* if the investment is held by a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds.

The IASB is proposing to amend paragraphs 18 – 19 of IAS 28 to clarify that similar entities include those that have a main business activity of investing in particular types of assets (as set out in paragraph 49(a) of IFRS 18).

Paragraphs BC1–BC19 of the Basis for Conclusions explain the IASB’s rationale for this proposal. In particular, paragraphs BC9–BC13 explain why the IASB decided not to propose extending the fair value option to all entities.

Do you agree with this proposal? Why or why not? If you disagree, please explain what you would suggest instead and why.

#### **ACCA response**

We believe it will be beneficial to clarify which entities are eligible to measure an investment in an associate or a joint venture at fair value through profit or loss in accordance with IFRS 9 (hereafter the ‘fair value option in IAS 28’).

Clarifying only ‘similar entities’ seems insufficient because the other types of entities mentioned in paragraphs 18 and 19 of IAS 28, namely ‘venture capital organisation’, ‘mutual fund’, and ‘unit trust’, have not been defined. In addition, we don’t believe the proposed amendments will overcome the practice of some entities that have interpreted paragraph 18 of IAS 28 too broadly or too narrowly, as highlighted in paragraph BC4.

There’s merit in making an explicit reference to paragraph 49(a) of IFRS 18 for the following reasons:

- using consistent terms across IFRS Accounting Standards,
- minimising discrepancies with paragraph 55 of IFRS 18 when the standard becomes effective, and
- the accompanying application guidance in paragraphs B30 – B41 of IFRS 18 that will be helpful in determining an entity’s main business activity.

However, some ACCA stakeholders believe the proposed amendments may allow more entities than the IASB had anticipated to elect the fair value option in IAS 28. Paragraph 49(a) of IFRS 18 makes a reference to paragraph 53 and that may broaden the scope for applying the fair value option in IAS 28 – ie the scope will not be limited to entities that invest in associates or joint ventures as their main business activity.

Therefore, we suggest redrafting the requirements to be simpler and principles-based to clearly reflect which entities the IASB would allow to use the fair value option.

We’re cognisant that adopting a principles-based requirement may require all entities that currently apply the fair value option in IAS 28 to reassess whether their chosen accounting treatment will continue to comply with the amended requirements – ie the reassessments will not

be limited to entities that are currently applying the fair value option in IAS 28 based on the deleted texts.

Further, the IASB should state explicitly in paragraph 18 that the election at initial recognition is irrevocable. This is consistent with the IASB's decision in paragraph BC18 of this ED and it will provide greater clarity to all stakeholders.

Given the limited timeframe for the IASB to issue these amendments to IAS 28 before IFRS 18 is effective, we agree with not extending the fair value option to all entities, for now. Stakeholders need to evaluate the rationale and benefits of this accounting treatment and there is insufficient time for such evaluations to take place now.

Besides, extending the fair value option to all entities may raise questions about the relevance of the equity method of accounting for investments in associates and joint ventures (hereafter the 'equity method'). Both the fair value option and the equity method have their respective implementation challenges. The IASB should conduct a comprehensive review of IAS 28 and the relevance of equity method before deciding.

## **Question 2 – Effective date and transition**

The IASB proposes that an entity apply the amendments to paragraphs 18–19 of IAS 28 at the same time and on the same basis as it applies IFRS 18.

Paragraphs BC20–BC21 of the Basis for Conclusions explain the IASB's rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree, please explain what you would suggest instead and why.

### **ACCA response**

We agree with this proposal on the effective date and transition as well as the rationale in paragraphs BC7, BC20 and BC21 of this ED.