



SUPPLEMENTARY

IND AS 28

PAPER - 17



INDIAN ACCOUNTING STANDARD (Ind AS)

Ind AS 28: Investments in Associates and Joint Ventures

1. Objective:

The objective of this Standard is to prescribe the accounting and to use the equity method in accounting for investments in associates and joint ventures.

2. Scope:

This Standard shall be applied by all entities having investments in associates and joint ventures.

3. Definitions:

- (i) An associate is an entity over which the investor has significant influence.
- (ii) Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.
If an entity holds, directly or indirectly (e.g. through subsidiaries), 20 per cent or more of the voting power (or currently exercisable potential voting rights) of the investee, it is presumed that the entity has significant influence.
- (iii) A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
- (iv) A joint arrangement is an arrangement of which two or more parties have joint control.
- (v) Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
- (vi) The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

4. Application of equity method:

An entity with joint control of, or significant influence over, an investee shall account for its investment in an associate or a joint venture using the equity method.

- 5. An entity shall discontinue the use of the equity method from the date when its investee is no more an associate or a joint venture.
- 6. An investment in an associate or a joint venture shall be accounted for in the entity's separate financial statements in accordance with paragraph 10 of Ind AS 27.