



**28 November 2012**

**To: Members of the Hong Kong Institute of CPAs  
All other interested parties**

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF EQUITY  
METHOD: SHARE OF OTHER NET ASSET CHANGES**

***Comments to be received by 22 February 2013***

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>.

As stated in the IASB's press release, accompanying the Exposure Draft, the objective of the proposed amendments is to provide additional guidance to IAS 28 *Investments in Associates and Joint Ventures* on the application of the equity method, a method of accounting whereby the investment is initially recognised at cost and subsequently adjusted to reflect the change in the investor's share of the investee's net assets. Specifically, it aims to provide guidance on how investors should recognise their share of the changes in the net assets of an investee that are not recognised in profit or loss or other comprehensive income of the investee, and that are not distributions received ('other net asset changes'). The IASB proposes that investors should recognise in the investors' equity their share of the investee's other net asset changes.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered, in developing its response to the IASB, the FRSC requests your comments to be received by the Institute on or before **22 February 2013**.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.