

STAFF PAPER

December 2017

IASB Meeting

Project	Business Combinations under Common Control		
Paper topic	Cover note		
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Purpose of the paper

1. This paper:
 - (a) introduces the Agenda Papers to be discussed at this month's meeting (paragraphs 3–12);
 - (b) provides a summary of the tentative decisions the International Accounting Standards Board (Board) has made so far on the Business Combinations under Common Control (BCUCC) research project (paragraphs 13–14); and
 - (c) sets out next steps in the BCUCC project (paragraphs 15–16).
2. This paper is for information only and there are no questions for the Board.

Papers for this meeting

3. At this month's meeting the staff will present the following Agenda Papers:
 - (a) Agenda Paper 23A *Review of related projects*;
 - (b) Agenda Paper 23B *Scope of the project*;
 - (c) Agenda Paper 23C *Methods of accounting* (slide deck).

Agenda Paper 23A Review of related projects

4. Agenda Paper 23A provides an overview of the issues related to the scope of the BCUCC project the staff have identified in other projects of the Board and the IFRS Interpretation Committee (Committee).
5. The paper is for information only and there are no questions for the Board.

Agenda Paper 23B Scope of the project

6. Agenda Paper 23B considers two unresolved issues related to the scope of the BCUCC project the staff identified in Agenda Paper 23A, namely:
 - (a) transitory control; and
 - (b) business combinations conditional on an initial public offering (IPO).
7. The paper discusses whether these issues should be within the scope of the BCUCC project and asks the Board for decisions.
8. The staff will also discuss these issues with members of the Emerging Economies Group (EEG) on 4 December 2017 and the Accounting Standards Advisory Forum (ASAF) on 8 December 2017. The staff will provide a verbal update to the Board on the feedback received from EEG and ASAF members.

Agenda Paper 23C Methods of accounting (slide deck)

9. Agenda Paper 23C provides initial considerations on the factors to consider in selecting an appropriate accounting method for transactions within the scope of the project.
10. The staff will discuss these initial considerations with members of the EEG on 4 December 2017 and the ASAF on 8 December 2017.
11. The main objectives of the discussion with the Board are:
 - (a) to introduce to the Board initial considerations related to the methods of accounting for transactions within the scope of the project;
 - (b) to provide the Board with a verbal update on the feedback received from EEG and ASAF members; and

- (c) to give Board members an opportunity to ask questions and share their initial reactions on the considerations presented.

12. The paper is for information only and there are no questions for the Board.

Summary of the Board’s tentative decisions to date

13. In **June 2014** (Agenda Paper 14 *Scope of the research project*), the Board tentatively decided that the BCUCC project should consider:

- (a) business combinations under common control that are currently excluded from the scope of IFRS 3 *Business Combinations*;
- (b) group restructurings; and
- (c) the need to clarify the description of business combinations under common control, including the meaning of ‘common control’.

14. In **October 2017** (Agenda Paper 23 *Scope of the project*), the Board clarified that the scope of the BCUCC project includes transactions under common control in which a reporting entity obtains control of one or more businesses, regardless of whether IFRS 3 *Business Combinations* would identify the reporting entity as the acquirer if IFRS 3 were applied to the transaction.

Next steps

15. In the first half of 2018, the staff plan to discuss with the Board:

- (a) accounting methods for transactions within the scope of the project; and
- (b) how the so-called predecessor method should be applied.

16. The staff expect that the next due process document in the project will be a Discussion Paper.