

STAFF PAPER

April 2019

IASB® Meeting

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

1. This paper:
 - (a) introduces the Agenda Papers to be discussed at this month's meeting (paragraphs 2–6); and
 - (b) provides a summary of previous discussions of the measurement approaches to transactions within the scope of the Business Combinations under Common Control research project by the International Accounting Standards Board (Board) (paragraphs 7–10).

Papers for this meeting

2. At this month's meeting the staff will present the following Agenda Papers:
 - (a) Agenda Paper 23A *Update on the staff's approach* (paragraph 4);
 - (b) Agenda Paper 23B *Update on lenders and other creditors in BCUCC* (paragraph 5); and
 - (c) Agenda Paper 23C *Lenders and other creditors in BCUCC* (reissued March 2018 Agenda Paper 23B) (paragraph 6).

3. The staff will also provide the Board with an oral update on the input received about these topics at the April 2019 Accounting Standards Advisory Forum meeting.

Agenda Paper 23A Update on the staff's approach

4. Agenda Paper 23A provides a summary of the staff's approach and summarises input on the staff's approach received to date, including at the March 2019 Capital Markets Advisory Committee (CMAC) and Emerging Economies Group (EEG) meetings. It then sets out next steps and asks whether the Board agrees with the approach taken by the staff.

Agenda Paper 23B Update on lenders and other creditors in BCUCC

5. Agenda Paper 23B provides an update on the input received at the March 2019 CMAC and EEG meetings about information needs of lenders and other creditors of the receiving entity in business combinations under common control. The paper asks whether the Board agrees that it need not pursue a single measurement approach for transactions within the scope of the project that affect non-controlling shareholders (transactions that affect NCI) in the receiving entity and those that affect lenders and other creditors in the receiving entity but do not affect NCI.

Agenda Paper 23C Lenders and other creditors in BCUCC

6. Agenda Paper 23C was discussed at the March 2019 IASB meeting and is reissued for this month's meeting for information. The March 2019 IASB meeting was educational and the staff did not ask the Board for decisions.

Summary of previous discussions of the measurement approaches

7. In February 2018, the Board tentatively decided to use the acquisition method set out in IFRS 3 *Business Combinations* as the starting point in the analysis of transactions within the scope of the project. In making that tentative decision, the Board noted that using the acquisition method as a starting point would not determine whether the Board would ultimately propose applying that method to all, or even to many, transactions within the scope of the project.

8. In June 2018, the Board directed the staff to develop an approach based on the acquisition method set out in IFRS 3 and to consider whether and how that method should be modified to provide the most useful information about transactions that affect NCI.
9. In December 2018, the Board discussed whether a current value approach based on the acquisition method should be applied to all or only some transactions that affect NCI in the receiving entity. The Board also discussed how any such distinction should be made. The meeting was educational and the staff did not ask the Board for decisions.
10. In March 2019, the Board discussed an overview of the staff's approach, including how information needs of different types of primary users of receiving entity's financial statements are considered in developing measurement approaches for transactions within the scope of the project. The Board also discussed whether a form of predecessor approach could be applied for transactions between wholly owned entities, including transactions that affect lenders and other creditors of the receiving entity or prospective equity investors in an initial public offering. The meeting was educational and the staff did not ask the Board for decisions.