

IFRS 3 *Business Combinations* (May 2007)

Reassessments on a business combination

The IFRIC was asked to provide guidance on whether, and in what circumstances, a business combination triggers reassessment of the acquiree's classification or designation of assets, liabilities, equity and relationships acquired in a business combination. Reassessment issues include, for instance, whether embedded derivatives should be separated from the host contract, the continuation or de-designation of hedge relationships and the classification of leases as operating or finance leases.

At its meeting in February 2007, the Board decided that the issue should be dealt with in Business Combinations phase II. Given that decision, the IFRIC decided not to take this item on to its agenda.