



**International  
Accounting Standards  
Board**

**30 Cannon Street, London EC4M 6XH, United Kingdom  
Phone: +44 (0)20 7246 6410, Fax: +44 (0)20 7246 6411  
Email: [iasb@iasb.org](mailto:iasb@iasb.org) Website: <http://www.iasb.org>**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.*

*These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**Board Meeting:**        **March 2006, London**

**Project:**                **Business Combinations II**

**Subject:**                **Overview of March Papers (Agenda Paper 2)**

---

1. The staff wrote six memos/papers for the March 28, 2006 FASB Board meeting and the March 2006 IASB Board meeting:

<b>FASB Memo Number</b>	<b>IASB Agenda Paper</b>	<b>Subject</b>
8	2A	Business Combination Principles
9	2B	Accounting for Partial and Step Acquisitions, Changes in Controlling Ownership Interests, and Loss of Control with a Retained Ownership Interest
10	2C	Accounting for Bargain Purchases and Overpayments
11	2C(i)	FASB and IASB Staffs' Analysis of the CICA Staff's Concerns Regarding the Presence of "Negative Goodwill"
12	2D	The Nature and Classification of Noncontrolling Interests in the Consolidated Balance Sheet
13	2E	Presentation/Disclosure of Information about Changes in Controlling Ownership Interests

2. In the first memo/paper (FASB Memo #8/IASB Agenda Paper 2A), the staff outlines the basic presumptions, assertions, and principles that form the foundations of the BC ED proposals. The memo/paper outlines also some of the implications of those presumptions, assertions and principles.

3. In the next memo/paper (FASB Memo #9/IASB Agenda Paper 2B), the staff addresses the accounting for partial and step acquisitions, changes in controlling ownership interests, and loss of control with a retained noncontrolling ownership interest. The primary purpose of that memo/paper is to address the implications of applying the full goodwill method versus the purchased goodwill method. The memo/paper also addresses how those two methods for recognizing goodwill impact other transactions like changes in controlling ownership interests and loss of control of subsidiaries with a retained noncontrolling ownership interest.
4. In the next two memos/papers (FASB Memo #10 and #11/IASB Agenda Papers 2C and 2C(i)), the staff addresses the proposed accounting for bargain purchases and overpayments. The staff also addresses the concerns raised by the CICA staff about the proposed accounting for bargain purchases.
5. In the last two memos/papers (FASB Memo #12 and #13/IASB Agenda Papers 2D and 2E), the staff addresses issues related to classification, presentation, and disclosure of noncontrolling interests in subsidiaries in the consolidated financial statements. These memos/papers address some of the more controversial classification, presentation, and disclosure issues related to noncontrolling interests. The memos/papers are the staff's first step in addressing the presentation and disclosure issues related to noncontrolling interests. The staff will bring back a more comprehensive package of noncontrolling interest presentation and disclosures in April for the Boards to consider.