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**International
Accounting Standards
Board**

This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.

Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IFRIC meeting: **May 2007, London**

Project: **Review of tentative agenda decision published in March
2007 IFRIC Update
IFRS 3 *Business Combinations* – Re-assessments on a
business combination (Agenda Paper 10(i))**

Tentative agenda decision published in March 2007 IFRIC Update

The IFRIC received a request to provide guidance on whether, and in what circumstances, a business combination triggers a reassessment of the acquiree's classification or designation of assets, liabilities, equity and relationships acquired in a business combination. The types of reassessment issue 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 the IASB meeting in February 2007, Board members exchanged views on this issue and the Board decided that the issue should be dealt with within Business Combinations Phase II.

Given that decision, the IFRIC [decided] not to take this item onto its agenda.