



Project	<b>Annual Improvement</b>
Topic	<b>Amendments to IFRS3 and IAS27 – Cover Paper</b>

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### **Purpose of the Paper**

1. In January 2008, the Board issued the revised IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*. The Board also committed itself to conduct a post-implementation review of the revised standards two years after they become effective.
2. Since January 2008, the Board and the IFRIC have received many requests from constituents to clarify some of the revised requirements. Some requests concern the effective date and the transition guidance of the revisions to IFRS 3 and IAS 27. We believe that those issues should not be postponed to the post-implementation review. In addition, we recommend that the Board address a limited number of practice issues that, in our view, can be addressed as part of the 2009-2011 annual improvements project without the need to initiate a separate project.
3. The staff recommends that the Board to consider the following proposed amendments:
  - (a) the transition requirement to apply retrospectively some of the consequential amendments to other standards (agenda paper 13A);
  - (b) the transition requirements for losses attributable to the non-controlling interest that have previously been allocated to the controlling interest (agenda paper 13B);
  - (c) the transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised standard (agenda paper 13C);

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This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in IASB *Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

## IASB Staff paper

- (d) the treatment of pre-existing contingent consideration of the acquiree (agenda paper 13D);
  - (e) the IFRIC recommendation to amend the standard to include the indicators that identify the existence of a customer relationship in the implementation guidance the Board tentatively agreed to in December 2008 (agenda paper 13E);
  - (f) the allocation of other comprehensive income in a transaction with the non-controlling interest that does not result in a loss of control (agenda paper 13F);
  - (g) the interaction of the effective date of IFRS 3 with the requirements in IFRS 1 (agenda paper 13G);
  - (h) the application of IFRS 5 in a step acquisition and in loss of significant influence over an associate or a jointly controlled entity (agenda paper 13H); and
  - (i) the treatment of an existing acquiree award that is not changed by the business combination or an acquiree award the acquirer voluntarily replaces (agenda paper 13I).
4. In addition, the staff would like to inform the Board about the FASB deliberations on the scope of SFAS 160 *Noncontrolling Interests in Consolidated Financial Statements* (agenda paper 13J).
5. Agenda paper 13K contains the list of other issues that are dealt with by the IFRIC or as part of the other ongoing projects. In addition, it also contains the list of additional issues that, in our view, are neither related to other projects nor meet the criteria for annual improvements.