



Project	Amendments to IFRS3 and IAS27
Topic	Cover Paper for Issues arising from the revision of IFRS 3 and IAS 27

Introduction

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 became 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 dealing with those issues should not be postponed until the post-implementation review is conducted.
3. In addition, we recommend that the Board and the IFRIC address a limited number of practice issues that we believe are pervasive and can be addressed without the need to initiate a separate project.
4. The staff is presenting the following issues to the IFRIC for tentative agenda decisions:
 - (a) how an entity should account for acquisition-related costs that the acquirer incurred before the application of the revised IFRS 3 that relate to a business combination that is accounted for according to the revised standard (agenda paper 6A);
 - (b) whether the revised IFRS 3 can be applied before its effective date only from the beginning of an annual period (agenda paper 6B); and

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Decisions made by the IFRIC are reported in *IFRIC Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

IASB Staff paper

- (c) how an entity should account for transaction costs that it incurs in a transaction with non-controlling interests (agenda paper 6C).

5. This agenda paper has three appendices:

Appendix A lists issues that we plan to present to the Board.

Appendix B lists issues that we plan to recommend that the Board deal with as part of other on-going projects.

Appendix C lists issues we will ask the Board whether it wishes to deal with in a separate project or whether it prefers to defer them to the post-implementation review.

Please note that these Appendices are confidential and will not be included in the papers posted on the website for observers.

IFRIC Agenda Criteria

6. The staff has analysed the issues in paragraph 4 against the IFRIC's agenda criteria:

- (a) Can the issue be resolved efficiently within the confines of existing IFRSs?

We believe IFRSs provide sufficient guidance to resolve issues (a) and (c) above as further explained in the papers attached. With respect to issue (b) we believe that the wording in IFRS 3 and IAS 27 is clear and reflects the Board's intention on the effective date of the earlier application of the standards.

- (b) Do the issues indicate significantly divergent interpretations (either emerging or already existing in practice)?

We do not expect divergent interpretations to emerge for the reasons stated in paragraph 6(a).

- (c) Would financial reporting be improved through elimination of the diverse reporting methods?

No diversity is expected.