STAFF PAPER

17–18 January 2012

IFRS Interpretations Committee Meeting

Project	**Agenda Decision**
Paper topic	IFRS 11 *Joint Arrangements*—Acquisition of interest in joint operation

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Introduction

1. The IFRS Interpretations Committee (the Committee) received a request to clarify the applicability of IFRS 3 *Business Combinations* by:

   (a) joint operators for the acquisition of interests in joint operations as defined in IFRS 11 *Joint Arrangements*; and

   (b) venturers for the acquisition of interests in jointly controlled operations or assets as specified in IAS 31 *Interests in Joint Ventures*

   in circumstances in which the activity of the joint operation, or the activity of the jointly controlled operations or assets, constitutes a business as defined in IFRS 3. The Committee was asked whether the acquirer of such an interest should apply the principles in IFRS 3 on the initial recognition of the interest or whether the acquirer should instead account for it as the acquisition of a group of assets.

2. The Committee discussed the issue in the November 2011 meeting, with the November 2011 *IFRIC Update* reporting that:

   > The Committee noted that IFRS 11 will supersede IAS 31 from 2013 and therefore the focus of its discussions was with respect to IFRS 11. The Committee observed that uncertainty exists in accounting for the acquisition of an

> interest in a joint operation in circumstances where the activity of the joint operation constitutes a business as defined in IFRS 3, because of a lack of explicit guidance. As a result of the lack of explicit guidance, the Committee was concerned that diversity in practice will arise on the application of IFRS 11.
>
> The Committee noted that the most appropriate approach to account for such transactions is to apply the relevant principles in IFRS 3, including measuring identifiable assets and liabilities at fair value with few exceptions and recognising the residual as goodwill. The Committee directed the staff to analyse and recommend whether such guidance should be in the form of an IFRIC Interpretation, an amendment to IFRS 3 or an amendment to IFRS 11. The staff will bring this analysis and a consequent recommendation to a future meeting.

Purpose of this paper

3. The objective of this paper is to analyse the issue and to recommend whether guidance for the accounting for the acquisition of an interest in a joint operation in circumstances where the activity of the joint operation constitutes a business as defined in IFRS 3 should be developed in the form of:
   (a) an IFRIC Interpretation;
   (b) an amendment to IFRS 3; or
   (c) an amendment to IFRS 11.
4. In order to analyse the issue and make a recommendation the paper first analyses:
   (a) which guidance related to business combinations in IFRS 3 and other standards is also applicable to the acquisition of an interest in a joint operation in circumstances where the activity of the joint operation constitutes a business as defined in IFRS 3 (see paragraphs 7-15 of this paper). In this context, the recognition of deferred tax assets and

liabilities on acquisition is more closely analysed (see paragraphs 10-15 of this agenda paper);

(b) which modifications to the guidance related to business combinations in IFRS 3 and other standards are needed (see paragraphs 7-9 of this paper);

(c) which guidance related to business combinations in IFRS 3 and other standards is not relevant in accounting for the acquisition of an interest in a joint operation in circumstances where the activity of the joint operation constitutes a business as defined in IFRS 3 (see paragraphs 16-18 of this paper); and

(d) what issues require further analysis and what additional guidance needs to be developed (see paragraph 19 of this agenda paper).

5. Based on this analysis, we develop a recommendation for the best way of presenting guidance on the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

Basic premises on which the guidance should be developed

6. We understand that the guidance to be developed:

(a) will address the acquisition of interests in joint operations as defined in IFRS 11 in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3;

(b) is to be based not only on the guidance in IFRS 3, but also on the guidance in other standards on business combinations, because only all this guidance together gives a comprehensive and consistent set of accounting guidance for the acquisition of a business;

(c) addresses only the acquisition of an interest in the joint operation as opposed to the ongoing accounting for the interest in the joint operation and transactions or events after obtaining joint control (including transactions or events that result in a loss of joint control). There are only very few exceptions to this approach:

(i) the guidance on subsequent measurement and accounting in paragraphs 54-58 of IFRS 3 (relating to reacquired rights, contingent liabilities, indemnification assets and contingent consideration; see also paragraphs A25-A29 of this paper);

(ii) the guidance on subsequent accounting for unrecognised deferred tax liabilities relating to goodwill in paragraphs 21A and 21B of IAS 12 *Income Taxes* (see also paragraph B8 of this paper);

(iii) the guidance on the subsequent reassessment of (unrecognised) deferred tax assets at the date of the business combination and subsequently in paragraphs 37 and 66-68 of IAS 12 and the related disclosure in paragraph 81(k) of IAS 12 (see also paragraph B8 of this paper); and

(iv) the guidance on the useful life of reacquired rights recognised as an intangible asset in a business combination and its disposal in paragraphs 94 and 115A of IAS 38 *Intangible Assets* (see also paragraph B14 of this paper).

We think these paragraphs should also be considered by the guidance to be developed because they are an integral part of accounting requirements that are specific to business combinations. Contingent liabilities in the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, for example, would no longer be recognised as liabilities after the business combination without paragraph 56 of IFRS 3 because paragraph 27 of IAS 37 prohibits the recognition of contingent liabilities. Instead it requires their disclosure (see paragraph 86 of IAS 37). We think that further guidance on the ongoing accounting for interests in joint operations and transactions or events that result in a loss of control would be beyond the scope of the issue addressed in the submission;

(d) will not give additional guidance on issues that are likewise relevant for joint operations and business combinations but that are not addressed or clear in the guidance for business combinations. For example, IFRS 3 does not give guidance on accounting for a combination of entities or businesses under common control (paragraph 2(c) of IFRS 3).

Consequently, we should not develop accounting principles for the acquisition of an interest in a joint operation, if the joint operation and the joint operator are ultimately controlled by the same party or parties before and after the acquisition, and that control is not transitory (see paragraph A5 of this paper). Additional guidance will only be developed for issues that require specific guidance for joint operations. For example, a joint operator may increase its interest in a joint operation. The acquirer of additional interest in the joint operation cannot account for this acquisition as an equity transaction (see paragraph 23 of IFRS 10 *Consolidated Financial Statements*) because it does not recognise the interests of the other parties in the joint operation as a non-controlling interest.

Analysis of applicable guidance

7. A detailed analysis of what parts of the guidance in IFRS 3 we think are applicable in accounting for an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3 is found in Appendix A of this paper. The analysis on the applicable guidance related to business combinations in other standards is attached in Appendix B.
8. This analysis is based on the IFRSs as issued July 2011 (ie in the green book). We will update the analysis for new and amendment standards as soon as they are issued. We propose to assess whether the guidance to be developed should address IFRSs that will be replaced (eg IAS 39 *Financial Instruments: Recognition and Measurement*), when the time that the guidance will be issued becomes foreseeable.
9. In summary, we think that most of the guidance on business combinations in IFRS 3 and other standards applies, but with modifications:

Non-controlling interests

(a) The main difference between the accounting for a business combination and an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3, is that a joint operator does not recognise non-controlling interests for the interests of the other parties in the joint operation. The joint operator instead accounts for its assets and liabilities, which means in the case in which assets are held jointly, or liabilities are incurred jointly, that the joint operator does not recognise the entire assets and liabilities but only its own share of these assets and liabilities (see paragraph 20 (a) and (b) of IFRS 11). Accordingly, the joint operator does not attribute revenue and expense of the other parties in the joint operation in its financial statements. Instead, the joint operator only recognises its (share of) revenue and expense (see paragraph 20(c)-(e) of IFRS 11).

Assets transferred as consideration to the business acquired

(b) Paragraph 38 of IFRS 3 prohibits a remeasurement of assets and liabilities to their acquisition-date fair value, if they are transferred as consideration to the combined entity and are therefore under the control of the acquirer before and after the business combination. If a joint operator transfers assets and liabilities that it controls as consideration to the joint operation so that it only jointly controls the assets or liabilities after the acquisition, it remeasures the assets and liabilities but only to the extent of the other parties' interest in the joint operation. Accordingly, it recognises a gain or a loss to this extent. The accounting for an interest in joint operation is therefore different from paragraph 38 of IFRS 3, because paragraph B34 of IFRS 11 establishes this principle of recognising a share of the gains and losses resulting from sales or contributions of assets to a joint operation (see also paragraph A19 of this paper).

Increasing the share in a joint operation

(c) We think that a joint operator accounts for changes in its share in the joint operation that do not result in the joint operator losing joint control not as an equity transaction (see paragraph B96 of IFRS 10) because the a joint operator does not recognise shares of the other parties in the joint operation. Instead, the joint only recognises its share in the assets jointly held and the liabilities incurred jointly (see paragraph 20(a) and (b) of IFRS 11). Accordingly, we think that the joint operator accounts for the acquisition of an additional interest in the joint operation that does not result in a loss of joint control as the acquisition of an additional share in the assets jointly held and the liabilities incurred jointly. This results in an accounting for separate layers in the business, ie the joint operator may recognise two shares in one and the same asset of the joint operation. For the opposite scenario, ie a disposal of a part of the interest in the joint operation, we think that this should not be addressed by the guidance to be developed because we think that the scope of the guidance to be developed should be limited to the acquisition of an interest in a joint operation (see paragraph 6(c) of this paper).

Recognition of deferred tax assets and liabilities on acquisition

10. Several constituents and interested parties think that deferred tax assets and liabilities are not recognised on the acquisition of an interest in a joint operation because the transaction is not a business combination. Consequently, they think that the initial recognition exceptions in paragraphs 15 and 24 of IAS 12 apply.

11. As noted in paragraph 6 of this paper, a basic premise on which the guidance should be developed is that all relevant guidance on business combinations in IFRS 3 and other standards should be applied in accounting for the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3. We therefore think that the initial recognition exceptions in paragraphs 15 and 24 of IAS 12 should not apply

while accounting for the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3.

12. The initial recognition exceptions in paragraphs 15 and 24 of IAS 12 do not apply to deferred tax assets and liabilities that arise from assets and liabilities recognised in a business combination. Only deferred tax liabilities that arise from the initial recognition of goodwill are not recognised in a business combination (see paragraph 15(a) of IAS 12).

13. The use of the initial recognition exception in IAS 12 is an exception from the general requirement in IAS 12 that deferred tax should be recognised for all temporary differences. We understand that the IASC, when developing IAS 12, took the view that recognising deferred tax on initial recognition of an asset or liability would require a corresponding adjustment to the carrying amount of that asset or liability if the transaction does not affect accounting profit or taxable profit on initial recognition and that the IASC was concerned that adjusting the carrying amount of other assets and liabilities for the deferred tax assets and liabilities on the initial recognition instead would make financial statements less transparent (see paragraph 22(c) of IAS 12). However, we understand that the reason why the initial recognition exceptions do not apply to deferred tax assets and liabilities arising from identifiable assets and liabilities recognised in a business combination is that the impact of the deferred tax assets and liabilities is recognised against goodwill, thus avoiding the need to adjust the carrying amount of the identifiable assets and liabilities to which the deferred tax relates. Accordingly the concern about reduced transparency is avoided when the effect of recognising deferred tax on initial recognition of an asset or a liability when that deferred tax effect is recognised against goodwill arising from that transaction.

14. In accounting for the acquisition of an interest in a joint operation by measuring (the shares of) identifiable assets and liabilities at fair value with few exceptions and recognising the residual as goodwill or a bargain, the effects of deferred tax assets and liabilities can be adjusted against goodwill or the bargain recognised in profit or loss. Consequently, recognising deferred tax assets and liabilities on the acquisition of an interest in a joint operation would have the same effect on the financial statements as recognising deferred tax assets and liabilities on a business

combinations and this effect was considered acceptable and appropriate by the IASC.

15. Consequently, we think that deferred tax assets and liabilities, except for deferred tax liabilities arising from the initial recognition of goodwill, should be recognised on the acquisition of the interest in the joint operation (see also paragraphs A15 and B8 of this paper).

Guidance not relevant in accounting for joint operations

16. We think that the following guidance is not relevant in accounting for interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3 in practice:

    (a) guidance on accounting for reverse acquisitions in paragraphs B19-B22(d) and B25-B27 of IFRS 3 (see also paragraph A8 of this paper);

    (b) guidance on applying the acquisition method to combinations of mutual entities in paragraphs B47-B49 in IFRS 3 (see also paragraph A17 of this paper);

    (c) guidance on equity-settled share-based payment transactions of the acquiree in paragraphs B62A and B62B of IFRS 3 (see paragraphs A16 and A23 of this paper); and

    (d) guidance on insurance contracts acquired in a business combination in paragraphs 31-33 of IFRS 4 *Insurance Contracts* (see also paragraph B3 of this paper).

17. We haven't observed that these issues arose in the context of jointly controlled operations or assets as specified in IAS 31 in practice so far and do not expect them to arise in the context of joint operations as defined in IFRS 11.

18. Accordingly, we recommend not addressing these issues in the guidance to be developed.

Open issues and additional guidance to be developed

19. We think that further analysis is required on the following issues for developing guidance:

    (a) A joint operation and a joint operator may be ultimately controlled by the same party or parties both before and after the acquisition, and that control is not transitory. We think that the scope exception in paragraph 2(c) of IFRS 3 should apply in such scenarios. We propose, however, to analyse whether the guidance in paragraphs B2-B4 of IFRS 3 is also appropriate for the acquisition of interests in joint operations (considering that an interest in a joint operation is not necessarily through an entity) or whether guidance specific to the acquisition of interests in joint operations should be developed (see paragraph A5 of this paper).

    (b) A joint operator may obtain joint control without transferring consideration. In such a scenario, the joint operator may apply the principle in paragraph 44 of IFRS 3 and recognise its share in the acquiree's net assets recognised and measured at acquisition date in applying the guidance in IFRS 3 with recognising a gain or loss on its previous investment. However, the examples in paragraph 43 of IFRS 3 are typical scenarios for obtaining control without transferring consideration and not typical examples of obtaining joint control. Consequently, we think it should be analysed whether joint control achieved without the transfer of consideration is a relevant scenario in practice. If relevant in practice, we propose to develop typical scenarios for obtaining joint control without transferring consideration (see also paragraph A21 of this paper).

    (c) How does a joint operator account for the acquisition of an interest in a joint operation, if it had a previous investment in the joint operation without having joint control. An entity may hold an interest in an associate or a simple investment in an entity or it is a party to a joint operation without having joint control. The entity subsequently enters into a contractual agreement that establishes it as now having joint control over the business. In this context, the entity may acquire an additional interest.

Furthermore, an entity may have control over a business. The entity subsequently enters into a contractual agreement that establishes it as now having joint control over the business. In this context, the entity may dispose part of its interest. We propose to analyse this issue further in a future meeting in the light of the decisions takes at the January 2012 meeting (see paragraph A20 of this paper).

For transactions leading into the opposite direction, ie to a loss of joint control, we think they are not in the scope of the guidance to be developed. They do not address the acquisition of an interest in a joint operation but the disposal or the loss of an interest in a joint operation. We therefore do not propose to address this issue as part of this project (see paragraph 6(c) of this paper).

Acquisitions resulting in control of the business

20. A constituent raised the issue of a joint operator acquiring the remaining interests of the assets and liabilities of the business so that it acquires control of the business. The constituent asked for guidance on how to account for this transaction and pointed out that the guidance on business combinations achieved in stages, which is set out in paragraphs 41 and 42 of IFRS 3, explicitly addresses only business combinations achieved by acquiring equity interests.

The constituent wants the issues to be addressed as part of this project. We think however that this issue goes beyond the scope of the guidance to be developed because the issue is not related to the acquisition of an interest in a joint operation but the loss of joint control because it becomes part of a business combination (see paragraph 6(c) of this paper). However, we think that the constituent raised a valid issue that should be considered separately.

Project options

21. We conclude from our analysis that most of the guidance on business combinations in IFRS 3 and other standards applies (with some modifications) in accounting for interests in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3. Only a small amount of additional guidance for issues that have not so far been explicitly addressed and that are specific to interests in joint operations needs to be developed.

22. Consequently, the guidance to be developed should demonstrate how the existing guidance on business combination in IFRS 3 and other standards is applied to interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3.

23. We think the best format to demonstrate this is an IFRIC Interpretation. IFRIC Interpretations are designed to explain the requirements in other standards in a specific context by giving the background, scope, issues, consensus, application guidance (if appropriate), a basis for conclusions and (if appropriate) illustrative examples. This design is all the more appropriate because the guidance on business combinations is spread over multiple standards.

Agenda criteria assessment

24. The staff’s assessment of the Interpretations Committee’s agenda criteria is as follows:

    (a) *The issue is widespread and has practical relevance.*

    Yes. Acquisitions of undivided interests in joint operations are expected to occur frequently in the oil and gas industry.

    (b) *The issue indicates that there are significantly divergent interpretations (either emerging or already existing in practice). The Committee will not add an item to its agenda if IFRSs are clear, with the result that divergent interpretations are not expected in practice.*

Yes. Divergent views are expected to evolve on how to account for the acquisition of an interest in joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3 (revised 2008).

(c) *Financial reporting would be improved through elimination of the diverse reporting methods.*

Yes. The different views are likely to lead to significantly different results, especially for goodwill.

(d) *The issue can be resolved efficiently within the confines of existing IFRSs and the Framework, and the demands of the interpretation process.*

Yes. An approach based on the guidance for business combinations in IFRS 3 and other standards gives a guideline on how to address the issues related to the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3.

(e) *It is probable that the Committee will be able to reach a consensus on the issue on a timely basis.*

Yes. See the previous subparagraph 24(d).

(f) *If the issue relates to a current or planned IASB project, is there a pressing need for guidance sooner than would be expected from the IASB project? (The IFRIC will not add an item to its agenda if an IASB project is expected to resolve the issue in a shorter period than the IFRIC would require to complete its due process.)*

No. Equity method accounting is a suggested project for the Board's future agenda. However, a project on equity method accounting would only relate to joint ventures as defined in IFRS 11 and not to joint operations as defined in IFRS 11.

Questions to the IFRS Interpretations Committee

Questions to the IFRS Interpretations Committee

1. Does the Committee agree with the staff analysis in paragraphs 5-24 and Appendices A and B?

2. In particular, does the Committee agree with:

- the basic premises on which the guidance should be developed (see paragraph 6);
- the recognition of deferred tax assets and liabilities, except for deferred tax liabilities arising from the initial recognition of goodwill on the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3;
- the list of guidance in IFRS 3 that is not relevant in accounting for joint operations presented in paragraph 16;
- the list of issues that we propose to develop additional guidance or perform additional analysis on which is presented in paragraph 19;
- the recommendation that the acquisition of further interests in the joint operation which results in control (see paragraph 20) should be considered as a separate issue; and
- the recommendation to take the issue onto the Committee's agenda and to develop an IFRIC Interpretation?

3. Does the Committee have any comments on the analysis for the applicable guidance on business combinations in IFRS 3 and other standards and the necessary modifications?

4. Does the Committee think that further guidance should be applied or that further modifications are necessary in accounting for the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3?

Appendix A—Applicable guidance from IFRS 3 (revised 2008)

#	IFRS 3 guidance	Ref/par	Applicability
A1	**OBJECTIVE**—improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about *a business combination* and its effects. Summary of principles and requirements to accomplish that objective included.	**1**	**Applicable:** objective of guidance to be developed is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about *the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3* and its effects. To accomplish that, the guidance to be developed establishes/uses the same principles and requirements as IFRS 3 except for the principles and requirements on non-controlling interests.
A2	**SCOPE**—all business combinations	**2**	**N/A:** scope of guidance to be developed is determined by: – IFRS 11, ie definition of an interest in a joint operation; and – the guidance to be developed itself insofar as the activity of the joint operation constitutes a business as defined in IFRS 3.
A3	**SCOPE**—scope exception for the formation of a joint	**2(a)**	**N/A:** guidance to be developed only addresses the accounting for

#	IFRS 3 guidance	Ref/par	Applicability
	venture		interests in a joint operation in the financial statements of the joint operator and not the accounting in the financial statements of the joint venture itself.
A4	**SCOPE**—scope exception for the acquisition of an asset or a group of assets that does not constitute a business including guidance on the accounting for the acquisition of a group of assets	**2(b)**	**N/A:** guidance to be developed only addresses the accounting for the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3.
A5	**SCOPE**—scope exception for a combination of entities or business under common control	**2(c), B1-B4**	**Applicable:** joint operation and joint operator may be ultimately controlled by the same party or parties both before and after the acquisition, and that control is not transitory. Analysis to be developed whether paragraphs B2-B4 of IFRS 3 are specific to transactions that involve entities under common control or whether they should also be applied to transactions that involve only businesses, ie businesses that are not wrapped into an entity or entities (see paragraphs 6(d) and 19(a) of this paper).
A6	**IDENTIFYING A BUSINESS COMBINATION**—a transaction or other event in which an acquirer obtains control of one or more businesses	**3, B5-B12**	**Partly applicable:** guidance to be developed addresses acquisitions of interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in

#	IFRS 3 guidance	Ref/par	Applicability
			IFRS 3. To identify an interest in a joint operation, IFRS 11 is applied. Paragraphs B7-B12 of IFRS 3 are applied to determine whether the activity of the (entire) joint operation constitutes a business as defined in IFRS 3. Paragraphs 3 and B5-B6 however are not applicable because the acquisition of an interest in a joint operation is not considered a business combination because of a lack of control of the business.
A7	**THE ACQUISITION METHOD**—Summary: – identifying the acquirer; – determine the acquisition date; – recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and – recognising and measuring goodwill or a gain from a bargain purchase.	**4–5**	**Partly applicable:** acquirer of an interest in a joint operation in circumstances in which the joint operation constitutes a business as defined in IFRS 3 does not recognise non-controlling interests because the joint operator only recognises its share of any assets held jointly and its share of any liabilities incurred jointly (paragraph 20(a) and (b) of IFRS 11).
A8	**THE ACQUISITION METHOD**—**Identifying the acquirer** (the entity that obtains control of the acquiree), including reverse acquisitions	**6–7, B14-B27**	**Partly applicable with modification:** for the guidance to be developed the acquirer is the entity that obtains joint control of the joint operation and IFRS 11 gives guidance on determining the

#	IFRS 3 guidance	Ref/par	Applicability
			entity that acquires joint control of the joint operation. Paragraphs B19-B22(d) and B25-B27 may be applicable in accounting for reverse acquisitions. However, we are not aware that reverse acquisitions of interests in joint operations are prevalent in practice. Accordingly, we do not recommend including details on this issue in the guidance to be developed (see paragraph 16(a) of this paper).
A9	**THE ACQUISITION METHOD—Determining the acquisition date** (the date on which the acquirer obtains control of the acquiree)	**8–9**	**Only paragraph 8 of IFRS 3 is applicable with modification:** for the guidance to be developed, the acquisition date is the date on which the acquirer obtains joint control of the acquiree, ie the joint operation. IFRS 11 however gives guidance on the date on which the acquirer obtains joint control of the acquiree. Consequently, paragraph 9 of IFRS 3 is not applicable.
A10	**THE ACQUISITION METHOD—Recognition principle** (as of acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree)	**10**	**Applicable with modification:** the acquirer of an interest in a joint operation whose activity constitutes a business as defined in IFRS 3 only recognises, separately from goodwill, its share of any identifiable assets held jointly held and its share of any liabilities incurred jointly (see paragraph 20(a) and (b) of IFRS 11). Because a joint operator only recognises its share of any asset held jointly

#	IFRS 3 guidance	Ref/par	Applicability
			and its share of any liabilities incurred jointly, the joint operator does not recognise the interest of other parties in the joint operation as non-controlling interests.
A11	**THE ACQUISITION METHOD—Recognition conditions** To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must: – meet the definitions of assets and liabilities in the *Conceptual Framework for Financial Reporting* at the acquisition date; and – be part of what the acquirer and the acquiree (or its former owners) exchanged in the business combination transaction rather than the result of separate transactions. Appendix B gives specific guidance for operating leases and intangible assets (including guidance on reacquired rights, assembled workforce and other items that are not identifiable).	**11–14, B28-B40**	**Applicable:** application aligns with on the basic premise that the guidance on accounting for the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation is a business as defined in IFRS 3 should be based on the guidance on business combinations in IFRS 3 (and other standards).

#	IFRS 3 guidance	Ref/par	Applicability
A12	**THE ACQUISITION METHOD—Classifying or designating identifiable assets acquired and liabilities assumed in a business combination** At the acquisition date, the acquirer classifies or designates the identifiable assets acquired and liabilities assumed as necessary to apply other IFRSs subsequently. The acquirer makes those classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date. Only the classification of: – a lease contract as either an operating lease or a finance lease in accordance with IAS 17 *Leases*; and – a contract as an insurance contract in accordance with IFRS 4 are classified on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would	**15–17**	**Applicable:** application aligns with on the basic premise that the guidance on accounting for the acquisition of an interest in a joint operation in circumstances in which the activity of the joint operation is a business as defined in IFRS 3 should be based on the guidance on business combinations in IFRS 3 (and other standards).

#	IFRS 3 guidance	Ref/par	Applicability
	change its classification, at the date of that modification, which might be the acquisition date).		
A13	**THE ACQUISITION METHOD—Measurement principle** The acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. There is an accounting policy choice for acquisition-date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Such components are either measured at: – their acquisition-date fair value; or – the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Paragraphs B41-B45 of IFRS 3 include specific guidance for: – assets with uncertain cash flows (valuation allowance);	**18–20, B41-B45**	**Partly applicable with modification:** acquirer of an interest in a joint operation in circumstances in which the joint operation constitutes a business as defined in IFRS does not recognise non-controlling interests because the joint operator only recognises its share of any assets held jointly and its share of any liabilities incurred jointly (paragraph 20(a) and (b) of IFRS 11).

#	IFRS 3 guidance	Ref/par	Applicability
	– assets subject to operating leases in which the acquiree is the lessor; – assets that the acquirer intends not to use or to use in a way that is different from the way other market participants would use them; and – non-controlling interests in an acquiree.		
A14	**THE ACQUISITION METHOD—Exception to the recognition principle** The acquirer recognises as of the acquisition date a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably. Consequently, contrary to IAS 37, the acquirer recognises a contingent liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.	**22–23**	**Applicable with modification:** the acquirer of an interest in a joint operation whose activity constitutes a business as defined in IFRS 3 only recognises, separately from goodwill, its share of any identifiable assets held jointly held and its share of any liabilities incurred jointly (see paragraph 20(a) and (b) of IFRS 11). The IASB thought that recognising contingent liabilities separately from goodwill represents faithfully the economic circumstances at the acquisition date (see paragraph BC268 of IFRS 3). We think this conclusions also applies to the acquisition of interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3.
A15	**THE ACQUISITION METHOD—Exceptions to both the**	**24–28**	**Applicable with modification:** the acquirer of an interest in a joint

#	IFRS 3 guidance	Ref/par	Applicability
	recognition and measurement principles – Income taxes (accounted for in accordance with IAS 12); – Employee benefits (recognised and measured in accordance with IAS 19 *Employee Benefits*); and – Indemnification assets. The acquirer recognises an indemnification asset at the same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. If the indemnification relates to an item that is not recognised on the acquisition date or is not measured at its acquisition-date fair value, the indemnification asset is recognised and measured using assumptions consistent with those used to measure the indemnified item, subject to management's assessment of the collectibility of the indemnification asset and any contractual limitations on the indemnified amount.		operation whose activity constitutes a business as defined in IFRS 3 only recognises, separately from goodwill, its share of any identifiable assets held jointly held and its share of any liabilities incurred jointly (see paragraph 20(a) and (b) of IFRS 11). The Board excluded the accounting for deferred taxes from the recognition and measurement principles in IFRS 3 because these are not consistent with recognition and measurement principles in IAS 12 that apply to the subsequent accounting for the deferred tax arising from a business combination (see paragraph BC281 of IFRS 3). We think this conclusion also applies to the acquisition of interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3 (see also paragraphs 10-15 and B8 of this paper). We think that employee benefits are excluded from the recognition and measurement principles in IFRS 3 for the same reason as deferred taxes and this conclusion also applies to the acquisition of interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3. Excluding indemnification assets from the recognition and measurement principles in IFRS 3 may result in accounting

#	IFRS 3 guidance	Ref/par	Applicability
			anomalies (see paragraph BC302 of IFRS 3). We think this conclusion also applies to the acquisition of interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3.
A16	**THE ACQUISITION METHOD—Exceptions to the measurement principle** – Reacquired rights. The acquirer measures the value of a reacquired right recognised as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value. – Share-based payment transactions. The acquirer measures a liability or an equity instrument related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the acquirer in accordance	**29–31, B35-B36, B53, B62A-B62B**	**Partly applicable with modification:** the acquirer of an interest in a joint operation whose activity constitutes a business as defined in IFRS 3 only recognises, separately from goodwill, its share of any identifiable assets held jointly and its share of any liabilities incurred jointly (see paragraph 20(a) and (b) of IFRS 11). In the context of jointly controlled operations or assets as specified in IAS 31, we only observed that share-based payment awards were granted to employees working for the jointly controlled operations or assets by the joint operator who is their employer. Consequently, we recommend that the guidance to be developed only addresses replacement awards of the joint operator. For example, as part of the acquisition of an interest in a joint operation, the employment contracts of the selling joint operator with its employees working for the joint operation are transferred to the acquiring joint operator. Accordingly, the acquiring joint operator replaces the share-based payment awards of the selling joint

#	IFRS 3 guidance	Ref/par	Applicability
	with the method in IFRS 2 *Share-based Payment*, ie at the market-based measure. – Assets held for sale. The acquirer measures an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* at fair value less costs to sell.		operator granted to the employee by share-based payment awards on its own shares (see paragraph 16(c) of this paper).
A17	**THE ACQUISITION METHOD—Recognising and measuring goodwill** The acquirer recognises goodwill as of acquisition date measured as the excess of (a) over (b) below: (a) the aggregate of: (i) the consideration transferred measured in accordance with IFRS 3; (ii) the amount of any non-controlling interest in the acquire measured in accordance with IFRS 3; and (iii) in a business combination achieved in stages,	**32–33, B46-B49**	**Applicable with modification:** the acquirer of an interest in a joint operation whose activity constitutes a business as defined in IFRS 3 only recognises, separately from goodwill, its share of any identifiable assets held jointly and its share of any liabilities incurred jointly (see paragraph 20(a) and (b) of IFRS 11). Because a joint operator only recognises its share of any asset held jointly and its share of any liabilities incurred jointly, the joint operator does not recognise the interest of other participants in the joint operation as non-controlling interests. Consequently, the acquirer does not, on the one hand, consider non-controlling interests in measuring goodwill. On the other hand, the acquirer only considers the net of the acquisition-date amounts of its share of the identifiable assets

#	IFRS 3 guidance	Ref/par	Applicability
	the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree. (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3. Paragraphs B46-B49 of IFRS 3 give additional guidance.		held jointly and its share of the liabilities incurred jointly measured in accordance with IFRS 3 in measuring goodwill. Analysis on how to account for joint operations achieved in stages to be developed (see paragraph A20 of this paper). On the basis of that analysis, it will need to be determined whether and what, if any, has to be considered in recognising and measuring goodwill for joint operations achieved in stages. We are not aware that acquisitions of interests in mutual entities that are joint operations are a prevalent scenario in practice. Consequently, we recommend not considering paragraphs B47-B49 of IFRS 3 in the guidance to be developed (see also paragraph 16(b) of this paper).
A18	**THE ACQUISITION METHOD—Recognising and measuring a gain from a bargain purchase** An excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3 over the amount in (a) above is recognised in profit or loss on the acquisition date if it remains after reviewing the procedures used to	**34–36, B46-B49**	**Applicable with modification:** for the modifications see cell above.

#	IFRS 3 guidance	Ref/par	Applicability
	measure the amounts that IFRS 3 requires to be recognised on the acquisition date for all of the following: (a) the identifiable assets acquired and liabilities assumed; (b) the non-controlling interest in the acquiree, if any; (c) for a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree; and (d) the consideration transferred. Paragraphs B46-B49 of IFRS 3 give additional guidance.		
A19	**THE ACQUISITION METHOD—Consideration transferred (including contingent consideration)** The consideration, including contingent consideration, transferred in a business combination is measured at the acquisition-date fair value. However, share-based payment awards that are included in consideration transferred in the business combination are measured at the market-based measure. Gains or losses from assets and liabilities that	**37–40**	**Applicable with modification**: the consideration transferred does not include (any portion) of equity-settled share-based payment transactions of the acquiree that are not replaced as part of the acquisition. If the joint operator transfers/contributes assets or liabilities as consideration to the joint operation, it recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation (see paragraph B34 of

#	IFRS 3 guidance	Ref/par	Applicability
	are not carried at fair value but transferred as consideration in a business combination are recognised in profit or loss. Only assets and liabilities that the acquirer controls before and after the business combination are not remeasured and therefore no profit or loss is recognised in P/L.		IFRS 11). Accordingly, assets and liabilities that the acquirer controls before the acquisition and jointly controls after the acquisition are remeasured to the extent of the other parties' interest in the joint operation and therefore a profit or loss is recognised in P/L to this extent (see also paragraph 9(b) of this paper).
A20	**THE ACQUISITION METHOD—A business combination achieved in stages** In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss. Changes in the value of its equity interest in the acquiree that were recognised in other comprehensive income in previous periods are recognised on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.	**41–42**	**Final assessment to come:** analysis to come whether approach requires that joint operator has equity interests in the acquiree, ie that the joint operation is structured through a separate vehicle (see also paragraph 19(c) of this paper).
A21	**THE ACQUISITION METHOD—A business combination achieved without the transfer of consideration**	**43–44**	**Partly applicable with modification:** The accounting principle in paragraph 44 of IFRS 3 may be applied to obtaining joint control

#	IFRS 3 guidance	Ref/par	Applicability
	In a business combination achieved by contract alone (ie without transferring consideration), the acquirer attributes to the owners of the acquiree the amount of the acquiree's net assets recognised in accordance with IFRS 3.		without transferring consideration, with the modification that the joint operator only recognises its share of any assets held jointly and its share of any liability incurred jointly (see paragraph 20 of IFRS 11), ie not shares of such assets and liabilities attributable to non-controlling interests. However, the examples in paragraph 43 of IFRS 3 are typical scenarios for obtaining control without transferring consideration and not typical examples of obtaining joint control. Consequently, we think it should be analysed whether joint operations achieved without the transfer of consideration are a relevant scenario in practice. If relevant in practice, we propose to develop typical scenarios for obtaining joint control without transferring consideration (see also paragraph 19(b) of this paper).
A22	**THE ACQUISITION METHOD—Measurement period** Period of one year at most to finalise the accounting for a business combination	**45–50**	**Applicable:** an acquirer of an interest in a joint operation may face the same or similar problems in accounting for the acquisition of interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3 as the acquirer in a business combination.

#	IFRS 3 guidance	Ref/par	Applicability
A23	**THE ACQUISITION METHOD—Determining what is part of the business combination transaction** The acquirer recognises as part of applying the acquisition method only the consideration transferred for the acquiree and the assets acquired and liabilities assumed in exchange for the acquiree. Separate transactions are accounted for separately in accordance with the relevant IFRSs. Paragraphs B50-B62B of IFRS 3 include specific guidance for: – transactions that in effect settle pre-existing relationships between the acquirer and the acquiree; and – transactions that remunerate employees or former owners of the acquiree for future services.	**51–52, B50-B62B**	**Partly applicable with modification:** because a joint operator only recognises its share of any asset held jointly and its share of any liabilities incurred jointly, the joint operator does not recognise the interest of other participants in the joint operation as non-controlling interests. In the context of jointly controlled operations or assets as specified in IAS 31, we only observed that share-based payment awards were granted to employees working for the jointly controlled operations or assets by the joint operator who is their employer. Consequently, we recommend that the guidance to be developed only addresses replacement awards of the joint operator. For example, as part of the acquisition of an interest in a joint operation, the employment contracts of the selling joint operator with its employees working for the joint operation are transferred to the acquiring joint operator. Accordingly, the acquiring joint operator replaces the share-based payment awards of the selling joint operator granted to the employee by share-based payment awards on its own shares (see paragraph 16(c) of this paper)

#	IFRS 3 guidance	Ref/par	Applicability
A24	**THE ACQUISITION METHOD—Acquisition-related costs** The acquirer accounts for acquisition related costs as expense in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities are recognised in accordance with IAS 32 *Financial Instruments: Presentation* and IFRS 9 *Financial Instruments*.	**53**	**Applicable:** paragraph BC366 explains: "The Boards concluded that acquisition related costs are in principle recognised as an expense when incurred because they are not part of the fair value exchange between the buyer and the seller for the business. Rather, they are separate transactions in which the buyer pays for the fair value of services received. The boards also observed that those costs, whether for services performed by external parties or internal staff of the acquirer, do not generally represent assets of the acquirer at the acquisition date because the benefits obtained is consumed as the services are rendered." We think this conclusion also applies to costs related to the acquisition of interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3.
A25	**SUBSEQUENT MEASUREMENT AND ACCOUNTING—General principle** An acquirer subsequently measures and accounts for assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination, in	**54, B63**	**Applicable with modification:** in subsequently measuring and accounting for assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination, a joint operator only recognises its share of any asset held jointly and its share of any liabilities incurred jointly (see paragraph 20 of

#	IFRS 3 guidance	Ref/par	Applicability
	accordance with other applicable IFRSs for those items, depending on their nature.		IFRS 11).
A26	**SUBSEQUENT MEASUREMENT AND ACCOUNTING—Reacquired rights** A reacquired right recognised as an intangible asset is amortised over the remaining contractual period of the contract in which the right was granted and its carrying amount is included in determining the gain or loss on sale if the acquirer subsequently sell the reacquired right.	**55**	**Applicable with modification:** in subsequently accounting for a reacquired right recognised as an intangible asset, a joint operator only recognises its share of any asset held jointly (see paragraph 20 of IFRS 11 and paragraph 6(c)(ii) of this paper).
A27	**SUBSEQUENT MEASUREMENT AND ACCOUNTING—Contingent liabilities** Except when a contract is accounted for in accordance with IFRS 9, the acquirer measures after initial recognition and until the liability is settled, cancelled or expires, a contingent liability recognised in a business combination at the higher of: (a) the amount that would be recognised in accordance with IAS 37; and	**56**	**Applicable with modification:** in subsequently accounting for contingent liabilities recognised in a business combination a joint operator only recognises its share of any liabilities incurred (see paragraph 20 of IFRS 11 and paragraph 6(c)(ii) of this paper).

#	IFRS 3 guidance	Ref/par	Applicability
	(b) the amount initially recognised less, if appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*.		
A28	**SUBSEQUENT MEASUREMENT AND ACCOUNTING—Indemnification assets** At the end of each subsequent reporting period, the acquirer measures an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to: – any contractual limitations on its amount; and – for an indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectibility of the indemnification asset. The acquirer derecognises the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.	**57**	**Applicable with modification:** in subsequently accounting for indemnification assets, a joint operator only recognises its share of any asset held jointly (see paragraph 20 of IFRS 11). Excluding indemnification assets from the recognition and measurement principles in IFRS 3 may result in accounting anomalies (see paragraph BC302 of IFRS 3). We think this conclusion also applies to the acquisition of interests in joint operations in circumstances in which the activity of the joint operation constitutes a business as defined in IFRS 3 (see also paragraph 6(c)(ii) of this paper).

#	IFRS 3 guidance	Ref/par	Applicability
A29	**SUBSEQUENT MEASUREMENT AND ACCOUNTING—Contingent consideration** The acquirer accounts for changes in the fair value of contingent consideration that are not measurement period adjustments as follows: (a) contingent consideration classified as equity shall not be remeasured and its subsequent settlement is accounted for within equity; (b) contingent consideration classified as an asset or a liability is accounted for according to the applicable standard, ie IFRS 9, IAS 37.	**58**	**Applicable:** paragraph 6(c)(ii) of this paper
A30	**DISCLOSURES:** – Nature and financial effect of business combinations during the current reporting period and after the end of the reporting period; – Financial effects of adjustments recognised in the current reporting period relating to business combinations; and	**59–63, B64-B67**	**Mostly applicable:** the following paragraphs do not apply or apply in a modified way: – B64(c), the percentage of the voting equity interests acquired: many joint operations are not structured through a separate vehicle, ie their joint operators do not have equity interests in the joint operation. Consequently, the joint operator shall describe its rights to the assets and liabilities

#	IFRS 3 guidance	Ref/par	Applicability
	– catch-all disclosure requirement.		of the joint operation. – B64(d) second part, a description of how the acquirer obtained control of the acquiree: joint control is always obtained via a contractual agreement (see definition of joint control in Appendix A of IFRS 11). – B64(o), non-controlling interests related information: non-controlling interests are not recognised, because a joint operator only recognises its share of any asset held jointly and its share of any liabilities incurred jointly (see paragraph 20 of IFRS 11); and – B67(d)(iii): paragraph 67 does not apply because guidance to be developed will include self-contained transitional provisions. The following disclosure requirements are already covered by paragraphs 21(a)(i)-(iii) of IFRS 11: – the name and a description of the acquiree (paragraph B64(a) of IFRS 3); – the percentage of voting equity interests acquired (paragraph B64(c) of IFRS 3); and

#	IFRS 3 guidance	Ref/par	Applicability
			– the primary reasons for the business combination (paragraph B64(d) of IFRS 3).

Appendix B—Applicable guidance from IFRSs other than IFRS 3 (revised 2008)

#	Requirements in other standards	Ref/par	Applicability
B1	**IFRS 1 *First-time adoption of International Financial Reporting Standards*—C Exceptions for business combinations** Transition relief for first-time adopters in accounting for business combinations before the date of transition to IFRSs.	**Appendix C**	**Applicable with modification:** a joint operator only recognises its share of any asset held jointly and its share of any liabilities incurred jointly (see paragraph 20 of IFRS 11). Because a joint operator only recognises its share of any asset held jointly and its share of any liabilities incurred jointly, the joint operator does not recognise the interests of other participants in the joint operation as non-controlling interests. Accordingly, the reference to non-controlling interests in paragraph C4(g) and (k) of IFRS 1 does not apply.
B2	**IFRS 2 *Share-based Payment*—Scope Exception** Equity instruments issued in a business combination in exchange for control of the acquiree are not within the scope of IFRS 2.	**5**	**Applicable**
B3	**IFRS 4 *Insurance Contracts*—Insurance contracts acquired in a business combination**	**31–33**	**Applicable**; however we understand that joint arrangements are not very prevalent in the insurance business. Accordingly, we

#	Requirements in other standards	Ref/par	Applicability
	–		recommend not addressing the requirements in IFRS 4 in the guidance to be developed (see also paragraph 16(d) of this paper).
B4	**IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*—Measurement of a non-current asset or disposal group acquired as part of a business combination:** If an asset or a disposal group is acquired as part of a business combination, it is measured at fair value less costs to sell.	**16**	**Applicable**
B5	**IFRS 9 *Financial Instruments*—Reassessment of embedded derivatives** No reassessment of embedded derivatives in contracts acquired in a business combination.	**B4.3.12(a) and footnote**	**Applicable**
B6	**IAS 7 *Statement of Cash Flows*—Changes in ownership interests in subsidiaries and other businesses:** – presentation and detailed disclosures regarding	**39-42B**	**Partly applicable with modification,** paragraphs 42A and 42B do not apply because changes in ownership interests in a joint operation that do not result in a loss of joint control are not accounted for as equity transactions but acquisitions or disposals of shares in assets or liabilities (see paragraph 9(c) of this paper).

#	Requirements in other standards	Ref/par	Applicability
	cash flows arising from obtaining or losing control of subsidiaries or other businesses; – disclosure of the amount of the assets and liabilities other than cash and cash equivalents in the subsidiaries or other businesses over which control is obtained or lost; and – presentation of cash flows arising from ownership interests in subsidiaries that do not result in a loss of control as cash flows from financing activities.		Accordingly, the principles in paragraphs 39-42 of IAS 7 apply to such transactions.
B7	**IAS 10 *Events after the Reporting Period*—Non-adjusting events after the reporting period:** An example of a non-adjusting event after the reporting period that would generally result in disclosure is a major business combination after the reporting period or the disposal of a major subsidiary.	**22(a)**	**Applicable:** disclosure of the acquisition or disposal of a major interest in a joint operation in circumstances in which the activity of the joint operation constitutes a business.
B8	**IAS 12 *Income Taxes*—Requirements related to business combinations:** – recognition of deferred tax liabilities and deferred	**Objective, 15(a) and (b)(i), 18(a) and (c), 19, 21,**	**Applicable:** see also paragraphs 6(c)(ii) and (iii), 10-15 and A15 of this paper

#	Requirements in other standards	Ref/par	Applicability
	tax assets related to a business combination or goodwill; – reassessment of (unrecognised) deferred tax assets at the date of the business combination and subsequently; – investments in subsidiaries, branches and associates and interests in joint arrangements; – rebuttable presumption of recovering through sale; – recognition of current and deferred tax arising from a business combination in or outside profit or loss; and – related disclosures.	**21A, 21B, 22(a) and (c), 24(a), 26(c), 32A, 37, 38, 51D, 58(b), 66-68, 81(j) and (k)**	
B9	**IAS 16 *Property, Plant and Equipment*—Separate disclosure of acquisitions through business combinations**	**73(e)(iii)**	**Applicable**
B10	**IAS 19 *Employee Benefits*—Disclosure of effects of business combinations and disposals on the net**	**141(h)**	**Applicable**

#	Requirements in other standards	Ref/par	Applicability
	defined benefit liability and reimbursements rights		
B11	**IAS 21 *The Effects of Changes in Foreign Exchange Rates*—Classification as goodwill as a non-monetary item and functional currency of goodwill and any fair value adjustments arising on the acquisition of a foreign operation**	**16, 47**	**Applicable**
B12	**IAS 29 *Financial Reporting in Hyperinflationary Economies*—Restatement of non-monetary items:** –	**15**	**Applicable**
B13	**IAS 34 *Interim Financial Reporting*—Other disclosures:** Disclosure of the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations.	**16A(i)**	**Applicable**
B14	**IAS 38 *Intangible Assets*—Goodwill and acquisition of**	**3(e), 10, 11, 12,**	**Applicable with modification:** a joint operator only recognises its

#	Requirements in other standards	Ref/par	Applicability
	intangible assets as part of a business combination: – recognition of intangible assets separately from goodwill; – application of the recognition criteria to intangible assets acquired in a business combination; – recognition of expenditure on an intangible asset as an expense; – disposal of a reacquired right in a business combination; and – separate disclosure of additions acquired through business combinations.	**33-43, 68(b), 69, 94, 115A, 118(e)(i)**	share of any asset held jointly and its share of any liabilities incurred jointly (see paragraph 20 of IFRS 11 and paragraph 6(c)(iv) of this paper).
B15	**IAS 39 *Financial Instruments: Recognition an d Measurement*—Scope exception, hedged items:** – scope exception for forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date; and – a firm commitment to acquire a business in a business combination cannot be a hedged item,	**2(g), AG98**	**Applicable**

#	Requirements in other standards	Ref/par	Applicability
	except for foreign exchange risk.		
B16	**IAS 40 *Investment Property*—Separate disclosure of additions resulting from acquisitions through business combinations**	**76(b), 79(d)(ii)**	**Applicable**
B17	**IAS 41 *Agriculture*—Separate disclosure of increases resulting from business combinations**	**50(e)**	**Applicable**