

## STAFF PAPER

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## Accounting Standards Advisory Forum

Project	Business Combinations under Common Control		
Paper topic	Cover note		
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**Purpose of this paper**

1. The purpose of this session is to seek Accounting Standards Advisory Forum (ASAF) members views on:
  - (a) updated analysis of *when* a current value approach and a predecessor approach should be applied to transactions within the scope of the project; and
  - (b) particular aspects of *how* a current value approach and a predecessor approach should be applied.
2. Agenda papers for this session include:
  - (a) Agenda Paper 1A *Alternative measurement approaches*; and
  - (b) Agenda Paper 1B (June 2019 IASB Agenda Paper 23A) *Transactions that do not affect non-controlling shareholders*.
3. The June 2019 IASB meeting is educational and the staff will not ask the International Accounting Standards Board (Board) for decisions. The staff will summarise the input received from ASAF members in a future paper for the Board.
4. Particular aspects of applying a current value approach and a predecessor approach have also been discussed at the June 2019 joint meeting of the Capital Markets Advisory Committee (CMAC) and the Global Prepares Forum (GPF). The staff will

provide to ASAF members a verbal update on the input received at the joint CMAC and GPF meeting.

### Questions for ASAF members

**1. Transactions that affect non-controlling shareholders of the receiving entity**

In your view, should a current value approach be required only when a receiving entity's equity instruments are traded in a public market or should it be extended to privately held receiving entities? If the latter, do you support the opt-in or opt-out approach (see Slide 17 of AP1A) or a different approach for privately held entities (eg a quantitative threshold for percentage of non-controlling shareholders in the receiving entity)?

**2. Transactions that do not affect non-controlling shareholders of the receiving entity**

Do you agree with the staff's observations in AP1B (June 2019 IASB Agenda Paper 23A) *Transactions that do not affect non-controlling shareholders* summarised on Slide 18 of AP1A that transactions that do not affect non-controlling shareholders of the receiving entity are different from those that do? If not, why?

**3. Regulation of the transaction price**

Are there legal requirements in your jurisdiction related to the transaction price in a business combination under common control and if so, what are they and which transactions do they apply to (see Slide 24 of AP1A)?

**4. Reporting a distribution applying a current value approach to transactions that affect non-controlling shareholders**

Which alternative identified on Slide 25 of AP1A for providing information about a distribution in a business combination under common control do you prefer, and why?

**5. Reporting a contribution applying a current value approach to transactions that affect non-controlling shareholders**

Do you agree that in a business combination under common control any excess of fair value of the acquired assets and liabilities over consideration should be recognised as contribution to the receiving entity's equity (see Slide 26 of AP1A)?

6. **Providing pre-combination information applying a predecessor approach to transactions that do not affect non-controlling shareholders**

Which alternative identified on Slide 37 of AP1A for providing pre-combination information do you prefer, and why?