

STAFF PAPER

January 2022

IASB® meeting

Project	Business Combinations under Common Control	
Paper topic	Deliberation plan	
CONTACT(S)	Richard Brown	rbrown@ifrs.org

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB) and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of the Standards. Technical decisions are made in public and reported in IASB® *Update*.

Introduction and purpose

1. This paper discusses the plan for deliberating the proposals in the Discussion Paper *Business Combinations under Common Control* (Discussion Paper).

Structure of this paper

2. The paper is structured as follows:
 - (a) background (paragraphs 3–5);
 - (b) deliberation plan (paragraphs 6–13);
 - (c) next steps (paragraphs 14–16); and
 - (d) question for the IASB.

Background

3. In November 2020 the International Accounting Standards Board (IASB) published the Discussion Paper, which explores possible reporting requirements for a receiving entity that would reduce diversity and improve transparency in reporting business combinations under common control (BCUCCs). The comment period ended on 1 September 2021, with stakeholders sending 102 comment letters. We also conducted outreach meetings and reviewed relevant academic literature.

4. The IASB discussed feedback on selected topics from the Discussion Paper at its December 2021 meeting. Agenda Papers 23A–23D for this meeting summarise feedback on the remaining topics.
5. Appendix A to Agenda Paper 23 summarises key messages from the feedback.

Deliberation plan

6. In planning deliberations, we identified the following workstreams:
 - (a) *Workstream I*—project scope (section 1 of the Discussion Paper);
 - (b) *Workstream II*—selecting the measurement method (section 2 of the Discussion Paper);
 - (c) *Workstream III*—applying the measurement methods, which includes:
 - (i) applying the acquisition method and related disclosures (sections 3 and 5 of the Discussion Paper);
 - (ii) applying a book-value method and related disclosures (sections 4 and 5 of the Discussion Paper); and
 - (d) *Workstream IV*—other topics not covered in the Discussion Paper, for example transition.
7. We identified these workstreams because decisions in each of these workstreams may be influenced by the preceding workstreams—for example, how to apply a particular measurement method (workstream III) might be influenced by the IASB’s decisions on the types of BCUCCs to which that measurement method applies (workstream II).

Timing

8. We aim to start our analysis and deliberations with workstream I—project scope and ask the IASB to make tentative decisions on project scope. We propose to simultaneously commence analysis and deliberations on workstream II—selecting the measurement method. Although changes to the scope of transactions covered by the project could affect the measurement method applied to those transactions, we do not plan to ask the IASB for tentative decisions on workstream II—selecting the measurement method until it has decided on workstream I—project scope.

9. We expect it will take longer to reach tentative decisions on selecting the measurement method (for example to allow time for discussion with consultative groups, see paragraphs 12–13) and therefore starting these workstreams simultaneously will allow us to make progress on workstream II—selecting the measurement method whilst the IASB makes tentative decisions on Workstream I—project scope.
10. After completing these two workstreams, we will consider how best to analyse and deliberate the remaining workstreams (applying the measurement methods and other topics).
11. We expect to commence deliberations on the first two workstreams in the first half of 2022. We will develop an estimated timeline for the remaining workstreams after we have started work on the first two workstreams and have a better understanding of the complexities involved.

Consultative groups

12. During deliberations, we plan to consult advisory bodies and consultative groups (such as the Accounting Standards Advisory Forum, the Capital Markets Advisory Committee and the Global Preparers Forum) to better understand the comments received on the Discussion Paper and explore possible alternative approaches on particular topics, including topics that may give rise to implementation questions.
13. The nature and timing of such consultations will be determined depending on the progress of deliberations, the approaches being considered, and the nature of input required. In some cases, a meeting of the full consultative group may not be required—instead we may be deal with the issue by email. We may also consult individual members when, for example, an issue is prevalent in specific jurisdictions or when members have specific expertise.

Next steps

14. We expect to commence deliberations on the first two workstreams in the first half of 2022.

15. We expect Workstream I—project scope to cover:
- (a) transitory control and group restructurings;
 - (b) separate financial statements;
 - (c) reporting by other entities; and
 - (d) other common control transactions.
16. We expect Workstream II—selecting the measurement method to cover:
- (a) whether to apply a particular method to all BCUCCs;
 - (b) the principle for selecting the measurement method if more than one method is to be applied; and
 - (c) the cost-benefit trade-off and other practical considerations.

Question for the IASB

Does the IASB agree with proposed plan for deliberations? Specifically, does the IASB have any comments or suggestions on:

- (a) the identification of workstreams (paragraph 6);
- (b) prioritising workstreams on scope and selecting the measurement method (paragraph 8); and
- (c) the proposed use of consultative groups (paragraphs 12–13)?