
Emerging Economies Group meeting

Date	10–11 May 2023
Project	Business Combinations under Common Control (BCUCCs)
Topic	Cover paper
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This paper has been prepared for discussion at a public meeting of the Emerging Economies Group (EEG). This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB *Update*.

Purpose of this session

Background

- In December 2022 we asked EEG members' views on particular aspects of selecting the measurement method(s) to apply to BCUCCs. Our agenda papers for the [IASB's April 2023 meeting](#) include this feedback.
- The IASB will, at its April 2023 meeting, discuss whether the current project direction is likely to result in the project moving into the standard-setting phase in the future. We are not asking the IASB to make decisions on project direction at that meeting.
- Agenda Paper 6A considers the project direction.
- Agenda Paper 6B outlines some areas of diversity in how a book-value method is applied to support the discussion of options for project direction in Agenda Paper 6A.

Purpose

The purpose of this meeting is to gather more information to help the IASB make an informed decision on project direction.

Options for project direction

This slide is included for ease of reference, for details see Agenda Paper 6A.

I. Recognition, measurement and disclosure requirements

Detailed requirements, as anticipated in the Discussion Paper. Decisions could, for example, include:

- which method(s) to apply in principle;
- exceptions, including exploring possible new exceptions in more detail; and
- how to apply a book-value method

Considering jurisdictional diversity in user feedback for which measurement method to apply and pre-combination information:

- prescribing one approach would not meet all users' information needs; and
- allowing entities a choice might meet user information needs in their jurisdiction but wouldn't reduce diversity or always meet user information needs.

II. Disclosure-only requirements

The IASB could develop disclosure requirements for BCUCCs:

- regardless of the measurement method applied—for example, the recognised amounts of each class of assets received and liabilities assumed;
- to which the acquisition method is applied—for example, information about acquired goodwill; and
- to which a book-value method is applied—for example, which entity's book values have been used.

III. No recognition, measurement or disclosure requirements

The IASB could discontinue the project and not develop any reporting requirements. This option would:

- not improve diversity of reporting for BCUCCs;
- not improve transparency of reporting for BCUCCs; and
- require little additional resources

Questions on current reporting for BCUCCs

1. How common are BCUCCs (about which information would be material) in your jurisdiction?
 - a) Which types of BCUCCs are most common (for example, BCUCCs that affect NCS / BCUCCs by listed entities)?
 2. How do entities report BCUCCs in your jurisdiction?
 - a) If more than one measurement method is applied, when is each method applied?
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Questions on project direction

3. Slide 3 explains why we think recognition and measurement requirements (option I) might not meet all users' information needs / not eliminate diversity in reporting BCUCCs:
 - a) If a book-value method is applied to a BCUCC that affects NCS (for example, applying the NCS choice principle¹), would disclosure of selected fair value information be largely sufficient for users in your jurisdiction?
 - b) Agenda Paper 6B explains that different forms of book-value method could be more appropriate in different circumstances. Do you agree with this assessment?
 - c) Would the benefits of developing recognition and measurement requirements which don't meet all users' information needs / don't eliminate diversity justify the resources needed to develop those requirements?
4. Would the benefits of disclosure-only requirements (option II) justify the resources needed to develop those requirements?
 - a) If so, what specific disclosures should be required?
5. Is there anything else the IASB should consider before deciding the project direction?

¹ See Appendix A of Agenda Paper 6A.