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Accounting for a transfer of a business or entity under common control

Cover Note

Objective

- 1 The objective of the session on Business Combinations under Common Control ('BCUCC') is twofold:
 - (a) obtain the EFRAG TEG views on how to account for the transfer of a business or entity under common control in the financial statements of the receiving party under the three scenarios which were not considered during the April EFRAG TEG meeting; and
 - (b) provide an update to the EFRAG TEG on the latest IASB discussions on the BCUCC project.

Background

- 2 The IASB is planning to issue a discussion paper on transfers of a business or entity under common control in the first half of 2019. Such transactions are outside the scope of IFRS 3 *Business Combinations*.
- 3 To address the lack of guidance on BCUCC in the IFRS literature, the IASB has currently taken the approach to use the acquisition method described in IFRS 3 as a starting point in its analysis of transactions within the scope of the project. So far, the IASB has discussed possible approaches to account for a specific subset of BCUCC transactions where non-controlling shareholders are affected. More details on the recent BCUCC developments are contained in Agenda paper 08-03.

Agenda Papers

- 4 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 08-02 – Issues paper on methods to account for BCUCC under different scenarios; and
 - (b) Agenda paper 08-03 – Issues paper on BCUCC project developments;