

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

## **Business Combinations under Common Control Cover Note**

### **Objective**

- 1 The purpose of the session is to ask for EFRAG TEG's comments on the technical content of EFRAG Secretariat Briefing *Business Transfers under Common Control*. The Briefing is designed to stimulate debate on the practical application of the proposals in the IASB discussion Paper DP/2020/2 *Business Combinations under Common Control* (DP).
- 2 The views expressed in the Briefing are tentative and reflect EFRAG Secretariat's understanding of how the proposals in the DP might be applied. The draft Briefing is provided in Agenda paper 06-02. The EFRAG Secretariat is planning to publish the Briefing in April 2021.

### **Background**

- 3 The IASB published its DP *Business Combinations under Common Control* (BCUCC) in November 2020. In the DP, the IASB explores possible reporting requirements for BCUCC transactions in the receiving company's financial statements to reduce diversity in practise and improve the transparency of reporting for such transactions.
- 4 In February 2021, EFRAG published its draft comment letter (DCL) on the DP. In the DCL, EFRAG broadly supports the approach proposed by the IASB and is posing several questions to constituents on specific areas such as selecting a measurement method and the application of the acquisition method and a book-value method to BCUCC.
- 5 EFRAG Secretariat developed the Briefing on BCUCC in order to stimulate debate on the outcome of the IASB's proposals when applied to specific transfers of businesses under common control, particularly those that raise questions about the applications of IFRS Standards. The debate will help EFRAG to better assess the impact of the IASB proposals and its costs and benefits.
- 6 EFRAG TEG reviewed an early version of Agenda paper 06-02 at its meeting on 8 April 2021. The paper has been revised to include comments from EFRAG TEG and been branded as an EFRAG Secretariat Briefing rather than an EFRAG Bulletin.

### **Question for EFRAG TEG**

- 7 Does EFRAG TEG have any comments/suggestions for improving the EFRAG Secretariat Briefing?

**Agenda Papers**

- 8 In addition to this cover note, agenda paper 06-02 – EFRAG Secretariat Briefing *Business Transfers under Common Control* – has been provided for the session.