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Business Combinations under Common Control Cover Note

Objective

- 1 The purpose of the session is to discuss and approve a bulletin 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 draft bulletin *Mergers under Common Control* is included in agenda paper 03-02. EFRAG is planning to publish the bulletin 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. Agenda paper 03-03 (for background) provides a summary of EFRAG's views in the DCL.
- 5 In the process of collating the DCL, EFRAG Secretariat received various questions on the practical application of the proposals included in the DP. Therefore, EFRAG Secretariat developed a bulletin on BCUCC (agenda paper 03-02). The objective of the bulletin is 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.

Question for EFRAG TEG

- 6 Does EFRAG TEG approve the bulletin for issue?

Agenda Papers

- 7 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 03-02 – Bulletin *Mergers under Common Control*; and
 - (b) Agenda paper 03-03 – Fact sheet on EFRAG DCL – for background only.