



Business Combinations under Common Control

Project summary

The objective of this project is to explore possible reporting requirements that would reduce the diversity in practice and improve the transparency and comparability of the reporting on business combinations under common control.

The AASB and IASB issued a Discussion Paper in 2020 which contains preliminary views on possible reporting requirements that would help companies provide better information about business combinations under common control.

Project contacts

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Project priority: Medium

Issued Documents

- [ITC 42 Business Combinations under Common Control](#)

AASB Outreach

- UAC meeting held in March and June 2021
- IASB and AASB webinar (educational session) in March 2021
- AASB virtual roundtable in May 2021
- AASB Business Combinations Panel and invited stakeholders meeting in June 2021

Project status

- DP closed for comment
- IASB deciding project direction

Board deliberations

- AASB Action Alert Update and Board Papers

Other

- [Link to IASB Project page](#)

AASB Communications

- [AASB Submission to IASB DP/2020/2](#)

Latest project news

Date	News
5 August 2021	August 2021 Action Alert
24 June 2021	June 2021 Action Alert
24 February 2021	February 2021 Action Alert

AASB Action Alert Update, Minutes and Board Papers

Meeting Date	Update
August 2021	The Board deliberated its response to IASB Discussion Paper DP/2020/2 Business Combinations under Common Control. The Board decided its submission should support the

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AASB Action Alert Update, Minutes and Board Papers

Meeting Date	Update
	<p>project scope including transfers preceded or followed by an acquisition from or sale to an external party and transfers conditional on an initial public offering (IPO). In addition, the Board considered the IASB should address other aspects currently outside the project scope (e.g. reporting by the transferring company, transfers of businesses within a jointly controlled group, and transfers of interests in an associate), whether as part of the current project or another project.</p> <p>Regarding the selection of measurement method proposed, the Board decided its submission should recommend the IASB consider in its redeliberations situations where flexibility in measurement method might be warranted (e.g. whether a wholly-owned entity preparing for an IPO should be permitted to apply the acquisition method instead of the book-value method).</p> <p>When considering the book-value method, the Board disagreed with the Discussion Paper proposal to measure the transferred assets and liabilities at the book values of the transferring company. Instead, the Board prefers the use of the book values of the controlling party.</p> <p>The Board expressed support for other proposals in the Discussion Paper relating to the acquisition method, the book-value method and disclosures.</p> <p>A subcommittee of the Board will finalise the submission out of session.</p>
June 2021	<p>The Board noted the stakeholder feedback received to date on the IASB's proposals.</p>
February 2021	<p>The Board received an education session from AASB staff on IASB Discussion Paper DP/2020/2 <i>Business Combinations under Common Control</i>. The Board intends to consider a draft submission at its June 2021 meeting.</p> <p>DP/2020/2 is incorporated in AASB Invitation to Comment ITC 42 <i>Business Combinations under Common Control</i>. Stakeholders are encouraged to make a submission to the Board on ITC 42 – the Australian comment period closes on 17 July 2021.</p> <p>6.1 <u>Business Combinations under Common Control Board Education Session on IASB DP/2020/2</u></p>