



## Memorandum

<b>To:</b>	<b>AASB members</b>	<b>Date:</b>	13 May 2014
<b>From:</b>	<b>Clark Anstis</b>	<b>Agenda Item:</b>	15.1 (M138)
<b>Subject:</b>	<b>Post-Implementation Review of IFRS 3 and AASB 3 <i>Business Combinations</i></b>	<b>File:</b>	

### Action

To decide whether to make a submission to the IASB in response to its Request for Information regarding the post-implementation review of IFRS 3 *Business Combinations* and, if so, the issues and comments to be raised.

### Attachments

- 15.2 Issues paper;
- 15.3 Submissions received on AASB ITC 30:
  - Sub 1 – Australian Bureau of Statistics (30/4/14);
  - Sub 2 – Peter Wells, University of Technology Sydney (2/5/14);
  - Sub 3 – CPA Australia and the Institute of Chartered Accountants Australia (8/5/14); and
  - Sub 4 – Westworth Kemp (12/5/14);
- 15.4 Staff summary of significant matters raised at AASB Discussion Forum (April 2014); and
- 15.5 AASB Invitation to Comment ITC 30 *Request for Comment on IASB Request for Information on Post-implementation Review: IFRS 3 Business Combinations* (February 2014).

### Overview

The due date for comments on the IASB's Request for Information (RFI) is 30 May 2014. Therefore, at this meeting, the AASB should decide whether to make a submission to the IASB and, if so, the content of the submission and the process for finalising it subsequent to the AASB meeting. IASB staff have been advised that, as a result of the meeting date, any submission from the AASB could be provided only after the due date.

Constituent comments in respect of the IASB's post-implementation review have been received via submissions to the AASB's ITC 30 and through a Discussion Forum held at the AASB on 29 April 2014. As only four submissions have been received, a formal collation of the comments in the submissions has not been provided. Agenda paper 15.4 covers the significant matters raised at the Forum and identifies the participants. Constituent comments are summarised in agenda paper 15.2.

## Background

The AASB Invitation to Comment incorporates the IASB's Request for Information. The introduction in the RFI summarises the history of the IASB's Business Combinations project, including the main changes in the accounting requirements in IFRS 3 (2004) and IFRS 3 (2008). The RFI notes that the IASB is required by the *IFRS Foundation Due Process Handbook* to conduct a post-implementation review (PIR) of each new Standard to ensure that it is working as intended.

The IASB expects the PIR of IFRS 3 to enable it to assess the effect of the application of IFRS 3 on financial reporting. It particularly aims to assess whether IFRS 3 provides useful information to users of financial statements, whether there are any implementation challenges that impair consistent implementation of IFRS 3, and whether unexpected costs have arisen for preparers, auditors, regulators or users of financial statements in relation to IFRS 3.

## Staff Recommendations

Staff recommend that the Board prepares a submission on the IASB RFI, given the application of IFRS 3 in Australia through AASB 3.

The issues paper (agenda paper 15.2) addresses how the Board might respond to the IASB on the questions in the IASB RFI and includes staff recommendations. This paper is a brief one since it would otherwise repeat detail included in the summary of significant matters raised at the Discussion Forum (paper 15.4).

If the Board wishes to make a submission, members should decide how the content of the submission will be finalised. The usual three choices are: (a) circulate a draft submission to all members for comment; (b) circulate a draft submission to a sub-committee of members appointed for the purpose; and (c) leave finalisation of the submission to the Chairman. Staff recommend that the submission be finalised via the Board's Business Combinations (PIR) sub-committee.

## Questions for the Board

- Q1 Does the Board wish to make a submission to the IASB?
- Q2 If so, what process do members wish to follow for finalising the contents of a submission?