

International Financial Reporting Standard

Annual Improvements to IFRSs 2010–2012 Cycle

December 2013

ILLUSTRATIVE EXAMPLES – AMENDMENTS

- **US GAAP COMPARISON : COMPARISON OF IFRS 3 AND SFAS 141(R) – AMENDMENTS**
- **TABLE OF CONCORDANCE – AMENDMENTS**

[IFRS 3]

[Related to AASB 2014-1]

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Amendment to the Illustrative Examples on IFRS 3 *Business Combinations*

In the Comparison of IFRS 3 (as revised in 2008) and SFAS 141(R) section, the descriptions of the requirements for subsequent measurement of contingent consideration in the 'IFRS 3 (as revised in 2008)' column of the table following paragraph 3 are amended. The footnote to 'IAS 39 *Financial Instruments: Recognition and Measurement*' in (a) of the subsequent measurement for 'contingent consideration' is deleted and a footnote is added to 'contingent consideration' in the same table. New text is underlined and deleted text is struck through.

Comparison of IFRS 3 (as revised in 2008) and SFAS 141(R)

...

Guidance	IFRS 3 (as revised in 2008)	SFAS 141(R)
...
Contingent consideration ^(d)	<p>Initial classification</p> <p>...</p> <p>Subsequent measurement</p> <p>Contingent consideration classified as an asset or a liability that:</p> <p>(a) is a financial instrument and is within the scope of IAS 39 <i>Financial Instruments: Recognition and Measurement</i>^(c) <u>IFRS 9 <i>Financial Instruments</i>, is measured at fair value at each reporting date, with any resulting gain or loss recognised either in profit or loss or in other comprehensive income and changes in fair value shall be recognised in profit or loss in accordance with that IFRS.</u></p> <p>(b) is not within the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate <u>IFRS 9, is measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss. [paragraph 58]</u></p>	<p>Subsequent measurement</p> <p>...</p>
...

continued...

...continued

Guidance	IFRS 3 (as revised in 2008)	SFAS 141(R)
(a) ...		
(c) [Deleted] In November 2009 and October 2010 the IASB amended some of the requirements of IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and relocated them to IFRS 9 <i>Financial Instruments</i>. IFRS 9 applies to all items within the scope of IAS 39.		
(d) <u>Annual Improvements to IFRSs 2010–2012 Cycle, issued in December 2013, amended IFRS 3, IFRS 9, IAS 37 and IAS 39 to clarify that contingent consideration in a business combination that is classified as an asset or a liability shall be subsequently measured at fair value with changes in fair value recognised in profit or loss.</u>		

After the Table of Concordance, one of the bullet points that describes one of the main revisions made to IFRS 3 in 2008 is amended. New text is underlined and deleted text is struck through.

Table of Concordance

...

The main revisions made in 2008 were:

- ...
- Consideration transferred by the acquirer, including contingent consideration, must be measured and recognised at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as liabilities are recognised in ~~accordance with IAS 39, IAS 37 or other IFRSs, as appropriate~~ profit or loss (rather than by adjusting goodwill). The disclosures required to be made in relation to contingent consideration were enhanced.
- ...

The following footnote is added after "... by adjusting goodwill)" in the same bullet point.

Annual Improvements to IFRSs 2010–2012 Cycle, issued in December 2013, amended IFRS 3, IFRS 9, IAS 37 and IAS 39 to clarify that contingent consideration in a business combination that is classified as an asset or a liability shall be subsequently measured at fair value with changes in fair value recognised in profit or loss.