STAFF PAPER

IFRS Interpretations Committee Meeting

September 2013

Purpose of this paper

1. At its July meeting, the International Accounting Standards Board (IASB) discussed the Post-implementation Review (PIR) of IFRS 3 Business Combinations. In particular it discussed the activities to be undertaken during Phase I of the PIR and their corresponding expected timing (see paragraphs 11–16), with the aim of identifying the main implementation problems encountered by entities when applying IFRS 3.

2. At that meeting the IASB also discussed the staff’s initial assessment of the areas in which the implementation of IFRS 3 may have been challenging. This paper includes that assessment, which now includes the comments received from the IASB itself, and asks you:

(a) whether you have any additional feedback that we should consider, including any alterations or any additions, on the initial assessment of areas that have been identified so far during Phase I of the PIR, as set out in paragraphs 18 and 19 of this paper; and

(b) whether you have any comments or questions about the PIR of IFRS 3.

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1 The Agenda Paper discussed at the IASB meeting in July can be found at: http://www.ifrs.org/Meetings/MetingDocs/IASB/2013/July/12-Post-implementation%20Review.pdf
Structure of the paper

3. This paper is structured as follows:
   (a) background to PIRs;
   (b) scope of the PIR of IFRS 3 including its time line;
   (c) consultation activities within Phase I of the PIR of IFRS 3;
   (d) matters identified for consideration during Phase I; and
   (e) questions for the Interpretations Committee.

4. Appendix 1 to this paper includes background information to IFRS 3.

Background to PIRs

5. The Trustees added PIRs as a mandatory step to the IASB’s due process requirements in 2007. These requirements were updated in the revised Due Process Handbook (‘the Handbook’), published in February 2013. The Handbook states that the PIRs “must consider the issues that were important or contentious during the development of the publication (which should be identifiable from the Basis for Conclusions, Project Summary, Feedback Statement and Effect Analysis of the relevant Standard), as well as issues that have come to the attention of the IASB after the document was published.”

6. The Handbook also states that a PIR “normally begins after the new requirements have been applied internationally for two years, which is generally about 30 to 36 months after the effective date” and that each review has two phases:

   6.54 [...] The first involves an initial identification and assessment of the matters to be examined, which are then the subject of a public consultation by the IASB in the form of a Request for Information. In the second phase, the IASB considers the comments it has received from the Request for Information along with the information it has gathered through other consultative activities. On the basis of that information, the IASB presents its findings and sets out the steps it plans to take, if any, as a result of the review.

7. IFRS 8 Operating Segments was the first of the IASB’s Standards to be subject to a PIR. IFRS 3 Business Combinations will be the second review.
Scope of the PIR of IFRS 3 and its timeline

8. At its July meeting, the IASB tentatively agreed that the scope of the PIR of IFRS 3 will entail:
   
   (a) the whole Business Combinations project (ie the first and the second phases of the project) which resulted in the issuance of IFRS 3 (2004) and IFRS 3 (2008)\(^2\); and
   

9. The consultations carried out during Phase I of the PIR will help us to either confirm or discount the relevance of the matters included in paragraphs 18 and 19 as well as to identify any other matters that the Request for Information (RFI) should include. In other words, during Phase I of the PIR we will seek to gather information to assist the IASB in identifying the areas to focus on in Phase II and to decide which questions should be asked in the RFI.

10. In terms of timing, the IASB discussed the following timeline for the PIR of IFRS 3:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timing</th>
</tr>
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<tbody>
<tr>
<td>Phase I of the PIR</td>
<td>July 2013–November 2013</td>
</tr>
<tr>
<td>Publication of RFI</td>
<td>December 2013–January 2014</td>
</tr>
<tr>
<td>Phase II of the PIR</td>
<td></td>
</tr>
<tr>
<td>Public consultation (120 days)</td>
<td>Comment deadline April 2014–May 2014</td>
</tr>
<tr>
<td>Analysis of public comments and extensive outreach</td>
<td>Undertaken during 1st half of 2014</td>
</tr>
<tr>
<td>Publication of Feedback Statement</td>
<td>3rd quarter of 2014</td>
</tr>
</tbody>
</table>

\(^2\) Appendix 1 to this paper summarises the main changes introduced by IFRS 3 (2004) and IFRS 3 (2008).
Consultation activities within Phase I of the PIR of IFRS 3

11. As stated in paragraph 6 of the paper, the objective of Phase I of the PIR is to establish the scope of the review, and in particular to identify the areas of focus for the RFI, which will be published at the start of Phase II.

12. At its meeting in July, the IASB tentatively agreed with the consultations and activities that the staff plan to undertake during Phase I of the PIR, which are shown in the table below. During Phase I, we will also commence a review of academic and other literature relevant to this PIR.

<table>
<thead>
<tr>
<th>CONSTITUENTS / ACTIVITIES</th>
<th>TIMING</th>
</tr>
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<tbody>
<tr>
<td>Accounting firms</td>
<td>July 2013</td>
</tr>
<tr>
<td>Input from the large international audit networks</td>
<td></td>
</tr>
<tr>
<td>Investors</td>
<td>July 2013 and ongoing</td>
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<tr>
<td>* Corporate Reporting Users' Forum (CRUF)</td>
<td></td>
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<tr>
<td>* European Society of Financial Analysts Societies (EFFAS)</td>
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<td>* CFA Institute</td>
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<td>* Joint investors outreach with FASB</td>
<td></td>
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<tr>
<td>National Standard-Setters</td>
<td>May 2013 and ongoing</td>
</tr>
<tr>
<td>Input from the following organisations:</td>
<td>July 2013 and ongoing</td>
</tr>
<tr>
<td>* Financial Accounting Foundation (FAF), as the organisation responsible for the review of Statement 141R (see paragraph 23 of this paper)</td>
<td></td>
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<tr>
<td>* National Standard-Setters and endorsement advisory bodies (through meetings with the International Forum of Accounting Standard Setters (IFASS), the World Standard-Setters (WSS) and by teleconference) (1)</td>
<td></td>
</tr>
<tr>
<td>Valuation specialists</td>
<td>September 2013</td>
</tr>
<tr>
<td>Input from the International Valuation Standards Council (IVSC)</td>
<td></td>
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<tr>
<td>Regulators</td>
<td>September 2013</td>
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<tr>
<td>Input from the following organisations:</td>
<td>October 2013</td>
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<tr>
<td>* European Securities and Markets Authority (ESMA)</td>
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<tr>
<td>* International Organization of Securities Commissions (IOSCO)</td>
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<tr>
<td>Academic research</td>
<td>July and ongoing</td>
</tr>
<tr>
<td>Internal input</td>
<td></td>
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<tr>
<td>* IFRS Interpretations Committee</td>
<td>September 2013</td>
</tr>
<tr>
<td>* IFRS Advisory Council</td>
<td>October 2013</td>
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<tr>
<td>* Capital Markets Advisory Committee (CMAC)</td>
<td>October 2013</td>
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<tr>
<td>* Global Preparers Forum (GPF) meeting</td>
<td>November 2013</td>
</tr>
</tbody>
</table>

(1): Accounting Standards Advisory Forum (ASAF) members will be consulted through IFASS.

Liaison with FAF and FASB

13. As described in Appendix 1 of this paper, the US-based standard-setter, the Financial Accounting Standards Board (FASB) and the IASB concurrently deliberated the issues in the second phase of the Business Combinations project and reached the same conclusions on most of them.
14. Even though the Standards are the result of a joint effort, our corresponding Post-implementation Reviews are conducted separately. In the case of the US Standard, its review has already been undertaken by the independent private-sector organisation responsible for the oversight of the FASB, the Financial Accounting Foundation (FAF), which led to the publication of the Post-Implementation Review Report on FASB Statement No.141 (revised 2007), Business Combinations (Statement 141R) in May 2013.3

15. The IASB will conduct its own PIR of IFRS 3, but we plan to interact with the FAF staff and FASB staff during our review. We have already had calls with FAF staff responsible for the review of Statement 141R to learn about their findings. We have also spoken with FASB staff about how we can work with them when getting input from US-based stakeholders. FASB staff will work with us in seeking input from US investors.

16. The FASB, in responding to the FAF’s review of Statement 141R, has stated that it will wait for the completion of our PIR on IFRS 3 and will co-ordinate with us before deciding whether to undertake any standard-setting action.4

Next steps

17. We will bring the results of the consultations and activities undertaken during Phase I to the November 2013 IASB meeting. At that meeting we will propose to the IASB a scope for Phase II of the PIR that focuses on the areas that have resulted in the greatest challenges in the implementation of the Standard.

Areas identified during Phase I for consideration in the PIR of IFRS 3

18. The following is an initial assessment of the matters that were important or contentious during the development of the Standard or areas in which the implementation of IFRS 3 might have been challenging. The matters in this list

3 The FAF’s report on Statement 141R can be found at: http://www.accountingfoundation.org/cs/ContentServer?c=Document_C&pagemenu=Foundation%2FDocument_C%2FFAFDocumentPage&cid=1176162641881

4 The FASB’s response to the FAF’s report on Statement 141R can be found at: http://www.fasb.org/cs/ContentServer?c=Document_C&pagemenu=FASB%2FDocument_C%2FDocumentPage&cid=1176162713156
have been identified from the Basis for Conclusions, Project Summary, Feedback Statement and Effect Analysis of IFRS 3 and from matters submitted to the IFRS Interpretations Committee (‘the Interpretations Committee’). The list also includes the areas suggested by the IASB at its meeting in July. The list is, however, not intended to be comprehensive and exhaustive and will be revised during Phase I of the PIR.

(a) All business combinations are acquisitions (the abolition of pooling of interests)

This was one of the core changes brought in by IFRS 3 (2004) to the former Standard for the accounting of business combinations, IAS 22.

(b) Definition of a business

Identifying when a transaction involves a business compared to when it involves merely a collection of assets is critical to determining whether a transaction is a business combination or merely the purchase of assets. The difference in the accounting requirements for a business combination, compared with the accounting for the purchase of a group of assets that is not a business, elevates the importance of the definition of a business.

(c) Scope exception: common control transactions

Common control transactions were not within the scope of IAS 22 and neither were they within the scope of IFRS 3 (2004) or IFRS 3(2008). Any feedback that we receive in relation to this topic during the PIR of IFRS 3 will be passed on to the Business Combinations Under Common Control research project.

(d) Measurement of assets and liabilities at fair value

According to the FAF’s report, this matter was identified as one of the main challenging areas for preparers when applying Statement 141R. We may receive similar feedback on this area, because IFRS 3 was being applied before the issuance of IFRS 13 *Fair Value Measurement* and, as result, entity-specific instead of market-based assumptions might have been used more extensively in a number of cases.

(e) Recognition of intangible assets (especially the recognition of customer relationship intangible assets)

We expect that identifying and measuring the intangible assets acquired in a business combination would have been a challenging area for entities implementing IFRS 3. The FAF’s report on Statement 141R states that preparers and practitioners had difficulties in this area.

In addition, it has been argued there is a lower hurdle in IFRS 3 for the recognition of intangible assets when compared to IAS 38 *Intangible Assets*.

(f) Contingent consideration

We expect that measuring contingent consideration at fair value would have been a challenging area for entities implementing IFRS 3. The FAF’s report
on Statement 141R states that preparers and practitioners had difficulties in this area.

(g) Acquisition-related costs

IFRS 3 (2008) modified the requirements for the accounting for fees paid in relation to a business combination from IFRS 3 (2004), in which those costs were included in the cost of the acquisition. The requirements of IFRS 3 (2008) required that acquisition-related costs should be recognised as an expense at the time of the acquisition. This was generally not well received when IFRS 3 (2008) was being developed. Some constituents argued that acquisition costs should be included in goodwill to ensure that the total outlay was reflected in the statement of financial position.

(h) Non-controlling interests

The principal concern in this area seems to be the general lack of an accounting framework for transactions with non-controlling interests.

There are a range of issues related to accounting for non-controlling interests. These include:

(i) the measurement option allowed in IFRS 3 (2008) for non-controlling interests;

(ii) the accounting for impairment testing of goodwill when non-controlling interest are recognised;

IFRS 3 (2008) amended Appendix C of IAS 36 Impairment of Assets to reflect the two ways of measuring non-controlling interests: either at fair value or as a proportion of the identifiable net assets of the acquiree.

The Interpretations Committee received a request for clarification of guidance relating to how an entity accounts for impairment testing of goodwill when non-controlling interest is recognised. The Interpretations Committee discussed this matter in September 2010. The Interpretations Committee decided not to propose an amendment to address the issues and recommended that the IASB should consider the implication of these issues as part of the PIR of IFRS 3.

The PIR will offer us an opportunity to find out whether these concerns continue and whether any other related issues have arisen.

(iii) mandatory purchases of non-controlling interests in business combinations

This is an issue that has been submitted to the Interpretations Committee. The concern relates to the accounting for a sequence of transactions that begins with an acquirer gaining control of an entity and is followed shortly thereafter by the acquisition of additional ownership interests (i.e., a mandatory tender offer) as a result of a regulatory requirement. The concern also relates to whether a liability should be recognised for the mandatory tender offer at the
date the acquirer obtains control of the acquiree. The Interpretations Committee decided to report its views to the IASB and recommended that the IASB should consider the implication of these issues as part of the PIR of IFRS 3.

The IASB discussed this matter at its May 2013 meeting. The IASB tentatively decided not to proceed with an amendment to IFRS 3 through Annual Improvements but, instead, to discuss this issue— together with the accounting for the MTO at the date that the acquirer obtains control of the acquiree—when it discusses the measurement of put options written on non-controlling interests (see paragraph (h) (iv)).

(iv) put options written on non-controlling interests

This has been an issue submitted to the Interpretations Committee that resulted in the publication in May 2012 of a draft Interpretation on the accounting for put options written on non-controlling interests in the parent’s consolidated financial statements (NCI puts). That draft Interpretation responded to concerns about diversity in practice by proposing to clarify that the financial liability that is recognised for an NCI put must be remeasured in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments, which require that changes in the measurement are recognised in profit or loss. After considering the feedback received on the draft Interpretation, the Interpretations Committee decided not to finalise the draft Interpretation. This issue is now being considered by the IASB.

We have learnt that in specific jurisdictions it is common to see NCI puts on non-controlling interests within the context of business combinations. As a result, for those jurisdictions, clarification of the measurement of those financial instruments is a relevant matter.

(v) bargain purchases

One of the concerns relating to this area is its interaction with the measurement option of non-controlling interests in accordance with IFRS 3. In times of falling markets, it has been observed that bargain purchases arise more frequently and that gains on bargain purchases will be higher if an entity elects to measure non-controlling interests at fair value.

(i) Goodwill impairment and segment reporting

IFRS 8 does not require that goodwill is separately disclosed by segment. A few respondents to the PIR of IFRS 8 have suggested that goodwill impairment by segment as a line item would be useful information in order to understand poor performance by some sectors and the outcome of acquisitions.

(j) Disclosures

The PIR should enable us to receive feedback relating to the usefulness of the information provided by the disclosure requirements in IFRS 3 in order
to assess opportunities for improvements in the Standard and also to identify any general enhancements that could be considered by the IASB.

19. The paragraphs below include relevant matters that result from consequential amendments to other Standards brought by IFRS 3 (2004) or IFRS 3 (2008).

**Amendments to IAS 27 Consolidated and Separate Financial Statements**

(a) Accounting for changes in ownership interests in subsidiaries

As part of IFRS 3 (2008), IAS 27 was amended to require that after control of an entity is obtained, changes in a parent’s ownership interest that do not result in a loss of control are accounted for as equity transactions. This means that no gain or loss from these changes should be recognised in profit or loss. It also means that no change in the carrying amounts of the subsidiary’s assets (including goodwill) or liabilities should be recognised as a result of such transactions.

At the time the amendments were developed, some constituents disagreed with those requirements because they believed that the IASB had adopted an entity approach whereas those constituents preferred a proprietary approach.

(b) Attribution of losses

IAS 27 (2003) stated that when losses attributed to the minority (non-controlling) interests exceed the minority’s interests in the subsidiary’s equity, the excess, and any further losses applicable to the minority, was allocated against the majority interest except to the extent that the minority had a binding obligation and is able to make an additional investment to cover the losses.

The requirements brought by the amendments from IFRS 3 (2008) to IAS 27 require an entity to attribute total comprehensive income applicable to non-controlling interests to those interests, even if this results in the non-controlling interests having a deficit balance.

When IFRS 3 (2008) was being developed, some constituents disagreed, arguing that, even though controlling and non-controlling interests are presented in equity, they have different economic characteristics and should not be treated the same way.

(c) Accounting for step acquisitions

IFRS 3 (2008) requires the remeasurement of any previously held interests in the acquiree at fair value. When IFRS 3 (2008) was being developed, some constituents expressed their disagreement with this accounting model because they viewed each step in a step acquisition as a transaction in which the acquirer only obtains more shares in the acquiree. Because the shares that the acquirer previously held have not been exchanged or sold, they believed that the recognition of profit or loss was not appropriate.

The PIR will offer us an opportunity to find out whether these concerns at the time when IFRS 3 (2008) was being developed have remained and whether any other related issues have arisen.
(d) Loss of control

IFRS 3 (2008) amended IAS 27 to require that any investment that a parent had in a former subsidiary after control is lost is measured at fair value at the date that control is lost and that any resulting gain or loss should be recognised in profit or loss. Some constituents disagreed, asserting that the principles for revenue and gain recognition in the Conceptual Framework would not be satisfied for the retained interest. The IASB, however, believed that measuring the investment at fair value reflected the IASB’s view that the loss of control of a subsidiary is a significant economic event.

Amendments to IAS 36 Impairment of Assets

(a) Non-amortisation of goodwill

IFRS 3 (2004) prohibited the amortisation of goodwill acquired in a business combination and instead required goodwill to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired, in accordance with IAS 36. In addition, the previous version of IAS 36 required an impairment loss that had been recognised for goodwill in a previous period to be reversed when the impairment loss was caused by a specific external event of an exceptional nature. The 2004 revision to IAS 36 prohibited the recognition of reversals of impairment losses for goodwill.

Some constituents have expressed concerns about whether the impairment test is able to present negative economic cycles in entities’ financial statements in a timely manner. We have also learnt of concerns relating to the assumptions used for the calculation of the impairment and the risk of this information being too subjective.

Amendments to IAS 38 Intangible Assets

(a) Recognition criteria for acquired intangibles as part of a business combination

IFRS 3 (2004) amended IAS 38 to require that the probability recognition is always considered to be satisfied for intangible assets acquired in a business combination. IAS 38 was also amended to clarify that the fair value of an intangible asset acquired in a business combination can normally be measured with sufficient reliability for it to be recognised separately from goodwill.

IFRS 3 (2008) amended IAS 38 to state that if an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure the fair value of the asset reliably (i.e., the fair value of an intangible asset acquired in a business combination can be measured with sufficient reliability to be recognised separately from goodwill).

(b) Useful lives of intangible assets and non-amortisation of intangible assets with indefinite useful lives

The pre-2004 version of IAS 38 prescribed a presumptive maximum life for intangible assets of 20 years and IAS 22 did the same for goodwill.
IAS 38 was amended to require useful life to be regarded as indefinite when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period of time over which the intangible asset is expected to generate net cash inflows for the entity.

The amendments to IAS 38 resulted in the prohibition of amortising intangible assets with indefinite useful lives and in the requirement for regular impairment testing.

When those amendments were being developed some constituents suggested that an inability to determine clearly the useful life of an asset applies equally to many items of property, plant and equipment. Nonetheless, entities are required to determine the useful lives of those items of property, plant and equipment. Those constituents suggested that there was no conceptual reason for treating intangible assets differently.

Questions for the Interpretations Committee

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<thead>
<tr>
<th>Questions for the Interpretations Committee</th>
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<tbody>
<tr>
<td>1  Do you have any additional feedback on any of the issues noted in paragraphs 18 and 19?</td>
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<tr>
<td>2  Do you disagree with any of the issues noted?</td>
</tr>
<tr>
<td>3  Are you aware of any additional issues that we need to add to the list of issues for consideration?</td>
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<tr>
<td>4  Do you have any comments or questions about the PIR of IFRS 3 at this stage?</td>
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</table>
Appendix 1—Background to IFRS 3

1. In 2001 the IASB began a project to review IAS 22 Business Combinations (revised in 1998) as part of its initial agenda, with the objective of improving the quality of, and seeking international convergence on, the accounting for business combinations. The IASB decided to address the accounting for business combinations in two phases.

2. As part of the first phase, the IASB published in December 2002 Exposure Draft (ED) 3 Business Combinations, together with an Exposure Draft of proposed related amendments to IAS 36 Impairment of Assets and IAS 38 Intangible Assets.

3. The IASB concluded the first phase in March 2004 by issuing simultaneously IFRS 3 Business Combinations and revised versions of IAS 36 and IAS 38. The IASB’s primary conclusion in the first phase was that virtually all business combinations are acquisitions. Accordingly, the IASB decided to require the use of one method of accounting for business combinations—the acquisition method.

4. The main changes introduced by IFRS 3 (2004) from IAS 22 were:
   
   (a) All business combinations within its scope were to be accounted for using the purchase method. The pooling of interests method is no longer permitted.

   (b) All assets and liabilities and contingent liabilities of the acquiree (with some specific exceptions) are measured at their fair values at acquisition date. IAS 22 had permitted identifiable assets and liabilities to be measured as the aggregate of the acquirer’s share of their fair value plus the minority’s proportion of their pre-acquisition book value. The value of minority interests under IAS 22 was therefore affected by the measurement of the acquiree’s assets and liabilities.

   (c) Liabilities for terminating or reducing the activities of an acquire can only be recognised in purchase accounting if the acquiree had, at the acquisition date, an existing liability in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

   (d) Contingent liabilities of an acquiree must be separately recognised and not be subsumed within goodwill.
(e) An intangible asset acquired in a business combination is assumed to satisfy the recognition criterion that it is probable that future economic benefits will flow to the entity. It will therefore be recognised provided it meets the definition of an intangible asset and if its fair value can be measured reliably.

(f) Goodwill acquired in a business combination was no longer amortised but instead is subject to annual impairment testing.

(g) Negative goodwill arising on a business combination is recognised immediately in profit or loss. IAS 22 had required negative goodwill to be deferred and amortised to profit or loss according to the pattern of expected future losses or over the average useful life of the identifiable depreciable/amortisable assets acquired. This applied in most cases, although sometimes immediate recognition in profit or loss was required.

5. The FASB also conducted a project on business combinations in multiple phases. The FASB concluded its first phase in June 2001 by issuing FASB Statements No. 141 Business Combinations (SFAS 141) and No. 142 Goodwill and Other Intangible Assets. The scope of that first phase was similar to IFRS 3 and the FASB reached similar conclusions on the major issues.

6. The two boards began deliberating the second phases of their projects at about the same time. They decided that a significant improvement could be made to financial reporting if they had similar standards for accounting for business combinations. They therefore agreed to conduct the second phase of the project jointly with the objective of reaching the same conclusions.

7. The second phase of the project addressed the guidance for applying the acquisition method. In June 2005 the boards published jointly an Exposure Draft of revisions to IFRS 3 and SFAS 141, together with Exposure Drafts of related amendments to IAS 27 Consolidated and Separate Financial Statements and Accounting Research Bulletin No. 51 Consolidated Financial Statements.

8. The boards concluded the second phase of the project by issuing their revised standards, IFRS 3 Business Combinations (as revised in 2008) and FASB Statement No. 141 (revised 2007) Business Combinations and the related
The main revisions made in 2008 were:

(a) The scope was broadened to cover business combinations involving only mutual entities and business combinations achieved by contract alone.

(b) The definitions of a business and of a business combination were amended and additional guidance was added for identifying when a group of assets constitutes a business.

(c) For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at fair value or as the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets. Previously, only the latter was permitted.

(d) An acquirer is no longer permitted to recognise contingencies acquired in a business combination that do not meet the definition of a liability.

(e) Costs that the acquirer incurs in connection with the business combination must be accounted for separately from the business combination, which usually means that they are recognised as expenses (rather than included in goodwill).

(f) 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 Financial Instruments: Recognition and Measurement, IAS 37 or other IFRSs, as appropriate (rather than by adjusting goodwill). The disclosures required to be made in relation to contingent consideration were enhanced.

(g) For business combinations achieved in stages, having the acquisition date as the single measurement date was extended to include the measurement of goodwill. An acquirer must remeasure any equity interest it holds in the acquiree immediately before achieving control at its acquisition-date fair value and recognise the resulting gain or loss in profit or loss.