致同国际财务报告准则视点

IFRS Viewpoint

第四期 同一控制下企业合并

Issue 4 Common control business combinations

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国际财务报告准则视点

同一控制下企业合并

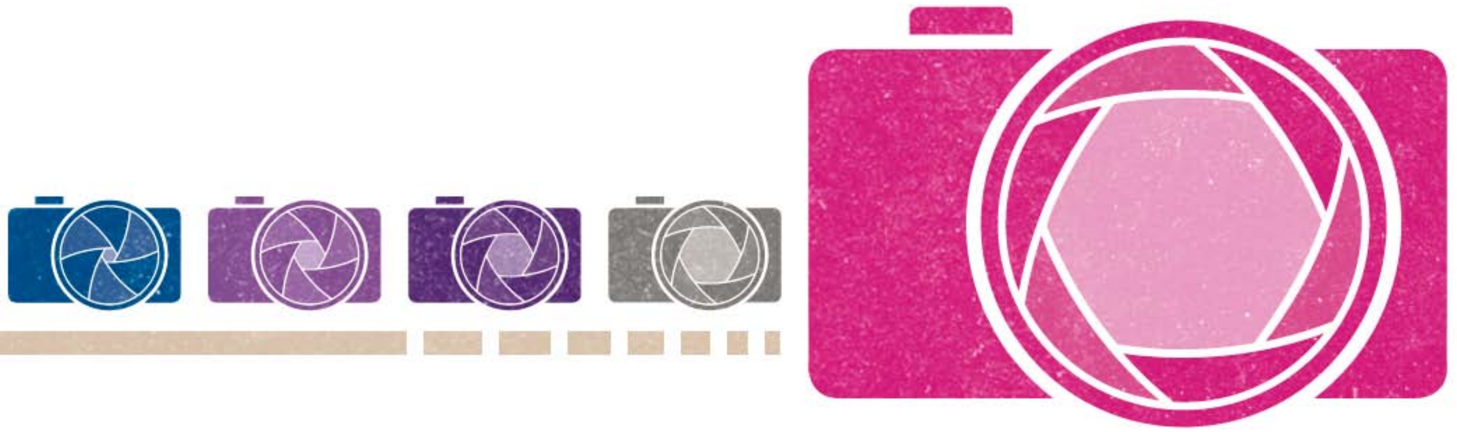
我们的“国际财务报告准则视点”系列就在挑战性环境下国际财务报告准则的应用提供致同全球国际财务报告准则团队的深刻见解。每期视点将关注一个已证实难于应用或缺乏指引的准则领域。本期视点考虑的是如何对同一控制下企业合并进行会计处理。

问题何在?

主体应当如何对涉及同一控制下主体的企业合并进行会计处理？这是一个重要的问题，因为同一控制下企业合并经常发生但却被排除在《国际财务报告准则第 3 号——企业合并》（国际会计准则理事会对企业合并进行会计处理的准则，以下简称“IFRS 3”）的范围之外。

本期国际财务报告准则视点向您提供我们关于如何对同一控制下企业合并进行会计处理的观点。

相关国际财务报告准则
国际财务报告准则第 3 号——企业合并
国际财务报告准则第 10 号——合并财务报表
国际会计准则第 8 号——会计政策、会计估计变更和差错



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我们的观点

多数企业合并由 IFRS 3 规范。但是，涉及同一控制下主体的企业合并不在该准则的范围之内。国际财务报告准则中没有关于该主题的特定指引。因此，管理层需要根据《国际会计准则第 8 号》（以下简称“IAS 8”）运用判断制定能够提供相关可靠信息的会计政策。

我们认为，最适当的会计政策是运用：

- 账面价值法；或
- 购买法（按照 IFRS 3）。

不论选择何种会计政策，都应当一贯地运用于类似交易。如果重大，还应当披露会计政策

账面价值法

账面价值法涉及使用现有的账面价值对所取得业务的资产和负债进行会计处理。具体的应用有时不同，但该方法的基本特征是：

- 取得的资产及负债按其现有账面价值而不是公允价值计量
- 不确认商誉
- 有时要对比较期间进行重述，就如同企业合并在所列报最早比较期间的期初发生。需要注意的是，实务中也存在其他方法——见第 5 页“账面价值法的变化”部分。

在某些司法管辖区使用“权益结合法”、“兼并会计”及“账面基础”等术语来描述账面价值法的具体应用。如果这类方法在当地一般公认会计原则中有明确规定，就可以按照 IAS 8 制定会计政策的原则提及。

按照 IFRS3 运用购买法

虽然同一控制下企业合并不在 IFRS 3 的范围之内，但我们认为可类比应用 IFRS 3 的原则。此时，我们认为应全面应用 IFRS 3 的原则。这包括认定正确的“会计上的购买方”，会计上的购买方并不总是法律上的购买方。作为一项基本的指标，如果其中一个合并前主体拥有的净资产或收入明显高于另一合并前主体，拥有较多净资产或收入的主体很可能就是会计上的购买方。这将在第 6 页“谁是购买方？”部分更加详细地讨论。

当会计上的购买方不是法律上的购买方时，就应当运用反向购买会计处理的原则。IFRS 3 就反向购买的会计处理提供了指引（IFRS 3 附录二第 19 段至第 27 段）。当法律上的购买方是一家新（或“壳”）主体或近乎休眠的主体，并且另一参与合并的主体是会计上的购买方时，反向购买会计处理的影响就与账面价值法非常类似。

深入分析

什么是同一控制下企业合并？

如果满足以下条件，企业合并就是“同一控制下企业合并”：

- 参与合并的主体在合并前和合并后都受同一方或相同的多方最终控制，并且
- 同一控制不是暂时的（见第 4 页 。

同一控制下企业合并示例

- 同一母公司的下属子公司之间发生的合并
- 取得同一集团内某一主体的业务
- 涉及在集团上层新插入一家母公司的某些交易。有时，新的母公司通过“壳”公司向现有股东发行股份的方式插入。一些人士认为这根本不是企业合并，因为报告主体或其资产及负债未发生实质性变化。根据该观点，购买法并不适当，因为实质上并不存在购买。

IFRS3 附录二提供了与同一控制下企业合并相关的应用指南。附录二第 1 段至第 4 段规定：

B1 本国际财务报告准则不适用于同一控制下的主体或业务的合并。涉及同一控制下主体或业务的企业合并是指，所有参与合并的主体或业务在企业合并前和企业合并后都受同一方或相同的若干方最终控制，并且该控制不是暂时的。

B2 作为契约性协议的结果，一组个体集体拥有统驭一个主体的财务和经营政策、并藉此从其活动中获取利益的权力，此时应将该组个体视为控制主体。因此，如果作为契约性协议的结果，这组个体拥有最终统驭每个参与合并主体的财务和经营政策、并藉此从其活动中获取利益的集体性权力，并且该最终集体性权力不是暂时的，则该企业合并在本国际财务报告准则范围之外。

B3 在一个个体或根据契约性协议共同行动的一组个体控制一个主体的情况下，该个体或该组个体可能不必遵循国际财务报告准则的财务报告规定。因此，一项企业合并是否应被视为涉及同一控制下主体的企业合并，不取决于各参与合并主体是否被纳入同一份合并财务报表中。

B4 企业合并前后各参与合并主体的非控制性权益范围与确定合并是否涉及同一控制下的主体并不相关。类似地，某个参与合并主体是一个被排除在合并财务报表之外的子公司，这一事实也与确定合并是否涉及同一控制下的主体不相关。

同一控制是否暂时？

只有当同一控制并非“暂时”时，IFRS 3 才将同一控制下企业合并从其范围中排除。国际财务报告准则并未对“暂时”作出定义，但其基本的含义是“短暂的”或“短期的”。

国际财务报告准则包含了对“暂时”的评估，从而购买会计法不会仅仅因安排交易以包含短暂的同一控制阶段而避免采用。例如，可对一项交易进行安排，从而在合并前后的短期内两个参与合并的主体都由同一特殊目的主体控制。这类交易属于 IFRS 3 的范围，因为同一控制是暂时的。但是，不应当仅仅因为合并是出于首次公开发行或出售参与合并主体的意图就认为同一控制是暂时的。

可能需要运用判断以评估同一控制是否暂时。

购买法与账面价值法的比较

会计主题	账面价值法	购买法
资产与负债	• 按前期账面价值确认，不进行公允价值调整 • 进行调整以实现统一的会计政策	• 所有可辨认资产及负债按其购买日的公允价值进行确认（有限例外）
无形资产与或有负债	• 仅在被购买方按照适用的国际财务报告准则（尤其是《国际会计准则第 38 号——无形资产》）确认的范围内进行确认	• 如果能够区分且/或源于合同或法定权力并且公允价值能够可靠计量时进行确认
商誉	• 不确认新的商誉 • 购买方的投资成本与被购买方权益之间的差额于合并时作为单项储备在权益中列报	• 商誉或廉价购买产生的利得按所转移对价与购买日所取得可辨认资产及所承担可辨认负债净额（与非控制性权益的价值，如适用）之间的差额进行确认和计量
非控制性权益	• 按相关资产及负债账面价值的比例份额进行计量	• 按被购买方可辨认净资产的公允价值或非控制性权益的比例份额进行计量
合并成本	• 立即冲销计入损益	• 立即冲销计入损益
损益	• 包括参与合并的主体全年的成果，不论合并于何时发生（需受以下变更制约）	• 包括参与合并的主体自企业合并日起的成果
比较数字	• 对比较数字进行重述，如同企业合并在所列报最早比较期间的期初发生（需受第 5 页所述变更制约）	• 不对比较数字进行重述

账面价值法的变化

基本方法见上表。但是，国际财务报告准则并无对账面价值法的规定，而实务中存在该基本方法的变化。某些变化旨在：

- 仅按最早比较期间的期初与参与合并的主体首次处于同一控制下的日期二者中较迟者对比较期间进行重述
- 仅对被购买方自合并日起的经营成果进行合并，以及
- 使用控制方合并财务报表（如适用）而不是被购买方单独财务报表中被购买方资产及负债的账面价值（示例中称为“控制方角度”）。

按照 IFRS3 运用购买法

IFRS 3 对企业合并中购买方的会计处理和报告要求作出了规定（被称为“购买法”）。应用购买法的主要步骤汇总如下：

第 1 步–识别企业合并

↓

第 2 步–识别购买方

↓

第 3 步–确定购买日

↓

第 4 步–确认并计量取得的可辨认资产和承担的可辨认负债

↓

第 5 步–确认并计量非控制性权益

↓

第 6 步–确定转移对价

↓

第 7 步–确认并计量商誉或廉价购买产生的利得

谁是购买方？

在任何企业合并中，重要的是认定出于会计处理目的的购买方（即“会计上的购买方”）。这涉及识别实质上取得了对另一参与合并主体控制的一方。合并组的合并财务报表随后作为会计上购买方的财务报表的延续而编制。对会计上的被购买方的资产及负债进行公允价值评估。

IFRS 3 参照 IFRS 10 的指引，以确定参与合并的主体中哪一方取得了控制。该主体即是会计上的购买方。如果在应用 IFRS 10 的指引之后仍无法确定参与合并的主体中哪一方为购买方，IFRS3 就该问题提供了一些额外应用指南。

IFRS 3 还指出，为实现企业合并而新设立的主体不一定为购买方。如果新主体仅通过发行权益工具实现购买，就不能成为购买方。如果新主体转移了现金或其他资产或发生了负债，就可能是购买方，也可能不是购买方。

在同一控制情形下识别会计上的购买方尤其具有挑战性，因为参与合并的主体双方均受同一第三方最终控制。参与合并主体的相对规模能够成为尤其重要的因素。

我们对 IFRS 3 的详细指南“企业合并会计处理导航”就该领域提供了更多指引。

示例

以下示例说明了账面价值法的应用。

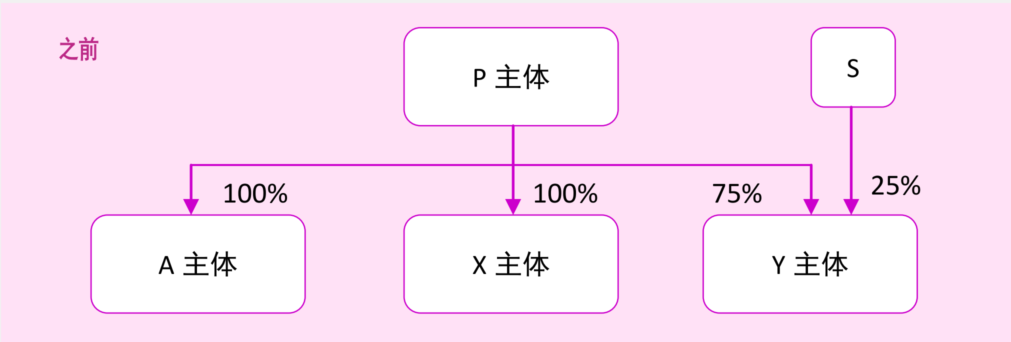
P 主体拥有 3 家子公司：X 主体、Y 主体及 A 主体。P 主体于多年前以 CU18,000 购买了 X 主体的 100%股权。购买时，X 主体的累计利润为 CU5,000。P 主体按公允价值 CU15,000 确认 X 主体的可辨认净资产并确认商誉 CU3,000。商誉账面价值仍为 CU3,000。

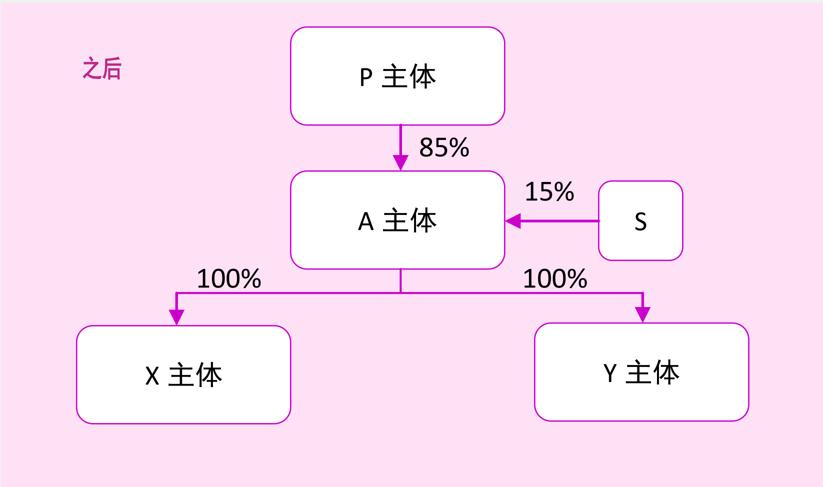
P 主体于多年前与另一投资方 S 股东共同设立了 Y 主体。P 主体对 Y 主体的投资成本为 CU15,000，占 Y 股本的 75%。

20X0 年 1 月 1 日，P 主体投入 CU10,000 设立了 A 主体。

20X1 年 12 月 31 日，A 主体购买了 P 主体及 S 股东在 X 及 Y 中的股权。A 主体按面值 CU1 分别向 P 主体及 S 股东支付自身股份 7,000 股及 3,000 股作为对价。X 主体及 Y 主体的财年期末日均为 12 月 31 日。

股权结构变化“之前”及“之后”如下：





截至 20X1 年 12 月 31 日止年度，A 主体、X 主体及 Y 主体的损益表如下:

	A 主体 CU	X 主体 CU	Y 主体 CU
收入	2,000	40,000	50,000
利润（损失）	**(4,000)**	**20,000**	**20,000**

20X1 年 12 月 31 日，A 主体、X 主体及 Y 主体的财务状况表如下：

	A 主体(发行股份前) CU	A 主体(发行股份后*) CU	X 主体 CU	Y 主体 CU
对子公司投资	–	223,000	–	–
其他资产	5,000	5,000	100,000	120,000
净资产	**5,000**	**228,000**	**100,000**	**120,000**
股本（包括股本溢价）	10,000	233,000	10,000	20,000
累计利润（损失）	(5,000)	(5,000)	90,000	100,000
	5,000	**228,000**	**100,000**	**120,000**

*A 主体作为对价发行的 10,000 股新股按等于购买 X 主体及 Y 主体认定成本（CU223,000）的价值记录。购买 X 主体的认定成本为 CU103,000，即 X 主体 20X1 年 12 月 31 日净资产的当前账面金额（CU100,000）加上 P 主体取得 X 主体所产生的剩余商誉（CU3,000）（见下文分析说明）。购买 Y 主体的认定成本为 CU120,000，即 Y 主体 20X1 年 12 月 31 日净资产的当前账面价值。

截至 20X0 年 12 月 31 日止年度，A 主体、X 主体及 Y 主体的损益表如下：

	A 主体 CU	X 主体 CU	Y 主体 CU
收入		38,000	45,000
利润 (损失)		**15,000**	**12,000**

20X0 年 12 月 31 日，A 主体、X 主体及 Y 主体的财务状况表如下：

	A 主体 CU	X 主体 CU	Y 主体 CU
净资产	**9,000**	**80,000**	**100,000**
股本（包括股本溢价）	10,000	10,000	20,000
累计利润（损失）	(1,000)	70,000	80,000
	9,000	**80,000**	**100,000**

分析

由于企业合并前后 A 主体、X 主体及 Y 主体均受 P 主体的同一控制，该企业合并不在 IFRS 3 的范围之内。A 主体关于同一控制下企业合并的会计政策是应用账面价值法。在应用该方法时，A 主体还采用了“控制方角度”。因此，X 主体及 Y 主体的资产和负债使用 P 主体合并财务报表中的账面价值计入 A 主体的财务报表。这要求按 P 主体合并财务报表所述的金额确认 P 主体初始购买 X 主体产生的剩余商誉以及在 Y 主体中的非控制性权益。不确认额外的商誉。

注：如果 A 主体不采用控制方角度，A 主体将不确认 P 主体初始购买 X 主体时产生的剩余商誉。

截至 20X1 年 12 月 31 日止年度，A 主体的合并损益表如下：

	A 主体 CU	X 主体 CU	Y 主体 CU	调整 CU	合并 CU
收入	2,000	40,000	50,000	–	92,000
利润（损失）	**(4,000)**	**20,000**	**20,000**	**-**	**36,000**
归属于合并前的非控制性权益				5,000 (Y1)	(5,000)
归属于 A 主体的权益持有者				**-**	**31,000**

调整

(Y1) 此项调整旨在反映归属于合并前 Y 主体非控制性权益的利润。

20X1 年 12 月 31 日，A 主体的合并财务状况表如下：

	A 主体 CU	X 主体 CU	Y 主体 CU	调整 CU	合并 CU
商誉	–	–	–	3,000(X1)	3,000
对 X 及 Y 投资	223,000	–	–	(103,000)(X3) (120,000)(Y5)	–
其他资产	5,000	100,000	120,000	–	225,000
净资产	**228,000**	**100,000**	**120,000**		**228,000**
股本（包括股本溢价）	233,000	10,000	20,000	(10,000)(X3) (20,000)(Y5)	233,000
其他储备	–	–	–	(85,000)(X3) (75,000)(Y5)	(160,000)
累计利润（损失）	(5,000)	90,000	100,000	(5,000)(X2) (25,000)(Y4)	155,000
	228,000	**100,000**	**120,000**		**228,000**

调整

涉及 X 主体：

(X1) 此项调整旨在按合并前 P 主体合并财务状况表所述的金额记录 P 主体初始购买 X 主体产生的商誉(CU3,000)。

(X2) 此项调整旨在对 P 主体初始购买 X 主体前 X 主体的累计利润进行抵销(CU5,000)。

(X3) 此项调整旨在将 X 主体的股本与 A 主体的相关投资成本进行抵销。对 A 主体合并财务报表中的单项储备进行调整 CU85,000。

涉及 Y 主体：

(Y4) 此项调整旨在反映合并前归属于 Y 主体非控制性权益的利润。

(Y5) 此项调整旨在将 Y 主体的股本与 A 主体的相关投资成本进行抵销。对 A 主体合并财务报表中的单项储备进行调整 CU75,000。

截至 20X0 年 12 月 31 日止年度，A 主体的合并损益表如下：

	A 主体 CU	X 主体 CU	Y 主体 CU	调整 CU	合并 CU
收入	1,000	38,000	45,000	–	84,000
利润（损失）	**(2,000)**	**15,000**	**12,000**	**-**	**25,000**
归属于合并前的非控制性权益				3,000 (Y1)	(3,000)
归属于 A 主体的权益持有者				**-**	**22,000**

调整

(Y1) 此项调整旨在反映归属于 Y 主体非控制性权益的利润。

20X0 年 12 月 31 日，A 主体的合并财务状况表如下:

	A 主体 CU	X 主体 CU	Y 主体 CU	调整 CU	合并 CU
商誉	–	–	–	3,000(X1)	3,000
对 X 及 Y 投资	–	–	–	193,000(1)	–
				(103,000)(X3)	
				(90,000)(Y4)	
其他资产	9,000	80,000	100,000		189,000
净资产	**9,000**	**80,000**	**100,000**		**192,000**
股本（包括股本溢价）	10,000	10,000	20,000	193,000(1)	203,000
				(10,000)(X3)	
				(20,000)(Y4)	
其他储备	–	–	–	(85,000)(X3)	(160,000)
				(75,000)(Y4)	
非控制性权益	–	–	–	25,000(Y4)	25,000
累计利润（损失)）	(1,000)	70,000	80,000	(5,000)(X2)	124,000
				(20,000)(Y4)	
	9,000	**80,000**	**100,000**		**192,000**

注：对比较数字进行重述，如同主体在前一报告日已被合并。合并股本反映了 A 主体的股本由于企业合并目的而发行股本进行调整后的数字。

调整

1.此项调整旨在倒推由于企业合并目的而发行的股本（CU193,000，其中CU103,000 与 X 主体相关，CU90,000 与 Y 主体相关）。在权益结合法中，合并财务报表的目的是列示参与合并主体的经营成果和财务状况，如同这些主体一直被合并。因此，由于企业合并目的而发行的 7,000 股股份按其一直发行在外来列报。

涉及 X 主体：

(X1) 此项调整旨在记录 P 主体初始购买 X 主体产生的剩余商誉（按合并前 P 主体合并财务报表所述金额（CU3,000））。

(X2) 此项调整旨在对 P 主体初始购买 X 主体前 X 主体赚取的累计利润进行抵销（CU5,000）。

(X3) 此项调整旨在将 X 主体的股本与 A 主体的相关投资成本进行抵销。对 A 主体合并财务报表中的单项储备进行调整 CU85,000。

涉及 Y 主体：

(Y4) 此项调整旨在将 Y 主体的股本与 A 主体的投资成本进行抵销。企业合并前，P 主体持有 Y 主体 75%的股权。因此，20X0 年 12 月 31 日确认非控制性权益 CU25,000。对单项储备（在权益中）进行调整 CU75,000。

（注：根据国际会计准则理事会最新的工作计划，目前同一控制下企业合并的项目处于分析结算，预计在 6 个月后发布讨论稿。）

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IFRS Viewpoint

Common control business combinations

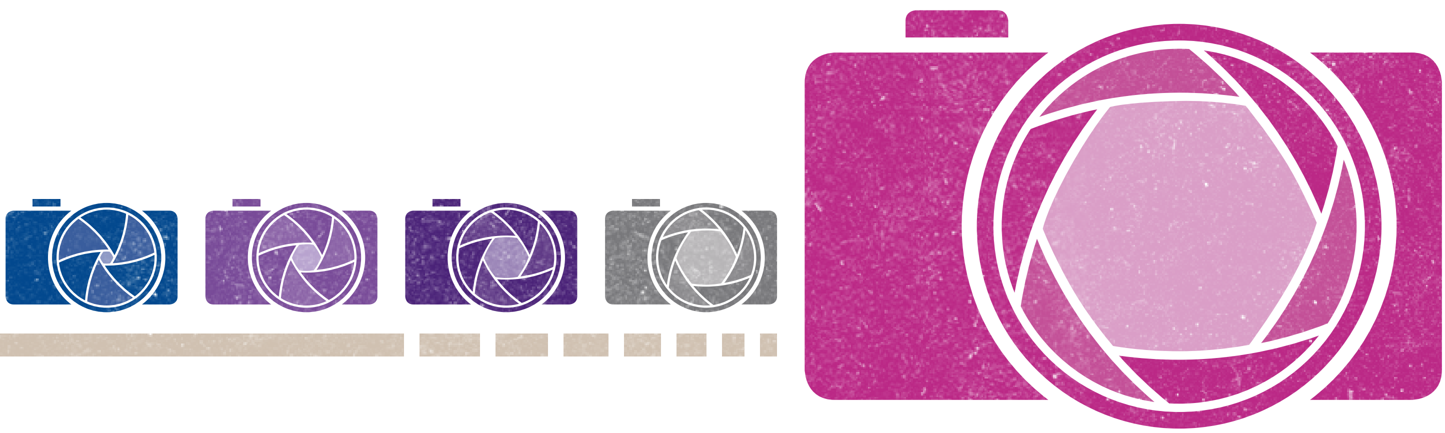
Our 'IFRS Viewpoint' series provides insights from our global IFRS team on applying IFRSs in challenging situations. Each issue will focus on an area where the Standards have proved difficult to apply or lack guidance. This issue considers how to account for a common control business combination.

What's the issue?

How should an entity account for a business combination involving entities under common control? This is an important issue because common control combinations occur frequently but are excluded from the scope of IFRS 3 – the IASB's standard on business combination accounting.

This IFRS Viewpoint gives you our views on how to account for common control combinations.

Relevant IFRSs
IFRS 3 Business Combinations
IFRS 10 Consolidated Financial Statements
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors



Issue 4 December 2015

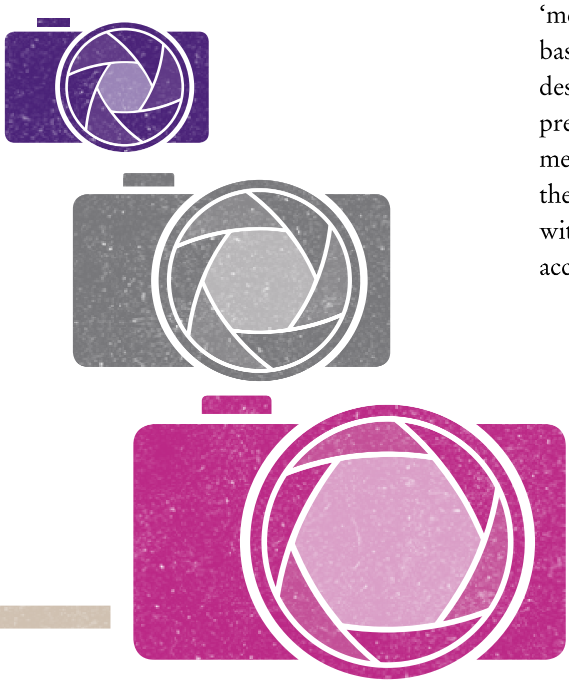
Our view

Most business combinations are governed by IFRS 3. However, those involving entities under common control are outside the scope of this Standard. There is no other specific guidance on this topic elsewhere in IFRS. Management therefore needs to use judgement to develop an accounting policy that provides relevant and reliable information in accordance with IAS 8.

In our view, the most suitable accounting policies are to apply:

- a predecessor value method; or
- the acquisition method in accordance with IFRS 3.

Whichever accounting policy is chosen, it should be applied consistently to similar transactions. The accounting policy should also be disclosed if material.



A predecessor value method

A predecessor value method involves accounting for the assets and liabilities of the acquired business using existing carrying values. The detailed application sometimes differs but the general features of this approach are that:

- the acquired assets and liabilities are recorded at their existing carrying values rather than at fair value
- no goodwill is recorded
- comparative periods are sometimes restated as if the combination had taken place at the beginning of the earliest comparative period presented. Note, alternative methods are seen in practice – see 'variations on predecessor value methods' section on page 5.

Terms such as 'pooling of interests', 'merger accounting' and 'carryover basis' are used in some jurisdictions to describe specific applications of a predecessor value method. When such methods are prescribed in local GAAP they might be referred to in accordance with IAS 8's principles for developing accounting policies.

Acquisition method in accordance with IFRS 3

Although common control combinations are outside the scope of IFRS 3, in our view IFRS 3's principles can be applied by analogy. In that case we believe that IFRS 3's principles should be applied in full. This includes identifying the correct 'accounting acquirer', which is not always the legal acquirer. As a general indication, if one of the pre-combination entities has significantly greater net assets or revenues than the other, the larger entity is probably the accounting acquirer. This is discussed in more detail under the 'Who is the acquirer?' section on page 6.

When the accounting acquirer is not the legal acquirer, the principles of reverse acquisition accounting should be applied. IFRS 3 provides guidance on accounting for reverse acquisitions (IFRS 3.B19-B27). When the legal acquirer is a new (or 'shell') entity or a near-dormant entity, and the other combining entity is the accounting acquirer, the effect of reverse acquisition accounting is very similar to a predecessor value method.

More analysis

What is a common control combination?

A business combination is a 'common control combination' if:

- the combining entities are ultimately controlled by the same party (or parties) both before and after the combination and
- common control is not transitory (see page 4).

Examples of common control combinations

- combinations between subsidiaries of the same parent
- the acquisition of a business from an entity in the same group
- some transactions that involve inserting a new parent company at the top of a group. Sometimes a new parent company is added through a 'shell' company issuing shares to the existing shareholders. Some commentators wouldn't regard this as a business combination at all. This is because there is no substantive change in the reporting entity or its assets and liabilities. Under this view, the purchase method is inappropriate because, in substance, there is no purchase.

IFRS 3 Appendix B provides application guidance relating to business combinations under common control. Paragraphs B1-B4 state that:

B1 This IFRS does not apply to a business combination of entities or businesses under common control. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

B2 A group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities. Therefore, a business combination is outside the scope of this IFRS when the same group of individuals has, as a result of contractual arrangements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory.

B3 An entity may be controlled by an individual or by a group of individuals acting together under a contractual arrangement, and that individual or group of individuals may not be subject to the financial reporting requirements of IFRSs. Therefore, it is not necessary for combining entities to be included as part of the same consolidated financial statements for a business combination to be regarded as one involving entities under common control.

B4 The extent of non-controlling interests in each of the combining entities before and after the business combination is not relevant to determining whether the combination involves entities under common control. Similarly, the fact that one of the combining entities is a subsidiary that has been excluded from the consolidated financial statements is not relevant to determining whether a combination involves entities under common control.

Is common control transitory?

IFRS 3 excludes common control business combinations from its scope only if common control is not ‘transitory’. ‘Transitory’ is not defined by IFRS but its general meaning is ‘brief’ or ‘short-lived’.

IFRS includes the ‘transitory’ assessment so that acquisition accounting cannot be avoided simply by structuring transactions to include a brief common control phase. For example, a transaction might be structured such that for a brief period before and after the combination, two combining entities are both controlled by the same special purpose vehicle. This transaction would fall within the scope of IFRS 3 because common control is transitory. However, common control should not be considered transitory simply because a combination is carried out in contemplation of an initial public offering or sale of the combining entities.

Judgement may be required to assess whether or not common control is transitory.

Acquisition method compared to a predecessor value method

Accounting topic	Predecessor value method	Acquisition method
Assets and liabilities	• recorded at previous carrying value and no fair value adjustments made • adjustments are made to achieve uniform accounting policies	• all identifiable assets and liabilities are recognised at their acquisition date fair value (limited exceptions apply)
Intangible assets and contingent liabilities	• recognised only to the extent that they were recognised by the acquiree in accordance with applicable IFRS (in particular, IAS 38 ‘Intangible Assets’)	• recognised if separable and/or arise from contractual or legal rights and fair value is reliably measurable
Goodwill	• no new goodwill is recorded • the difference between the acquirer’s cost of investment and the acquiree’s equity is presented as a separate reserve within equity on consolidation	• goodwill or a gain from a bargain purchase is recognised and measured as the difference between the consideration transferred and the net acquisition-date amounts of identifiable assets acquired and liabilities assumed (and value of non-controlling interest, if applicable)
Non-controlling interest	• measured as a proportionate share of the book values of the related assets and liabilities	• measured either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets
Cost of the combination	• written-off immediately in profit or loss	• written-off immediately in profit or loss
Profit or loss	• includes results of the combining entities for the full year, regardless of when the combination took place (subject to variations noted below)	• includes results of the combining entities from the date of the business combination
Comparatives	• amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented (subject to variations noted page 5)	• no restatement of comparatives

Variations on predecessor value methods

The basic approach is outlined in the table above. However, a predecessor value method is not described anywhere in IFRS and variations on this basic approach are seen in practice. Some of these variations are to:

- restate comparative periods only to the later of the beginning of the earliest comparative period and the date on which the combining entities first came under common control
- consolidating the results of the acquiree only from the date of the combination and
- using the carrying values of the acquiree's assets and liabilities from the controlling party's consolidated financial statements (if applicable) instead of the acquiree's separate financial statements (referred to in our example as the 'controlling party perspective').

Acquisition method in accordance with IFRS 3

IFRS 3 establishes the accounting and reporting requirements (known as 'the acquisition method') for the acquirer in a business combination. The key steps in applying the acquisition method are summarised below:

Step 1 – identify a business combination

↓

Step 2 – identify the acquirer

↓

Step 3 – determine the acquisition date

↓

Step 4 – recognise and measure identifiable assets acquired and liabilities assumed

↓

Step 5 – recognise and measure any non-controlling interest

↓

Step 6 – determine consideration transferred

↓

Step 7 – recognise and measure goodwill or a gain from a bargain purchase

Who is the acquirer?

In any business combination it is important to identify the acquirer for accounting purposes (the 'accounting acquirer'). This involves identifying the combining entity that has, in substance, obtained control of the other. The consolidated financial statements for the combined group are then prepared as a continuation of the accounting acquirer's financial statements. The fair value exercise is performed on the assets and liabilities of the accounting acquiree.

IFRS 3 refers to the guidance in IFRS 10 to determine which of the combining entities obtains control. This entity is the accounting acquirer. If, after applying the guidance in IFRS 10, it is still not clear which of the combining entities is the acquirer, IFRS 3 provides some additional application guidance on this topic.

IFRS 3 also states that a new entity formed to effect a business combination is not necessarily the acquirer. If the new entity effects the acquisition by issuing only equity instruments, it cannot be the acquirer. If the new entity transfers cash or other assets or incurs liabilities it might or might not be the acquirer.

Identifying the accounting acquirer can be particularly challenging in common control situations, because ultimate control of both combining entities stays with the same third party. The relative sizes of the combining entities can be a particularly important factor.

Our detailed guide to IFRS 3 'Navigating the accounting for business combinations' provides more guidance on this area.

Example

The following example illustrates the application of a predecessor value method.

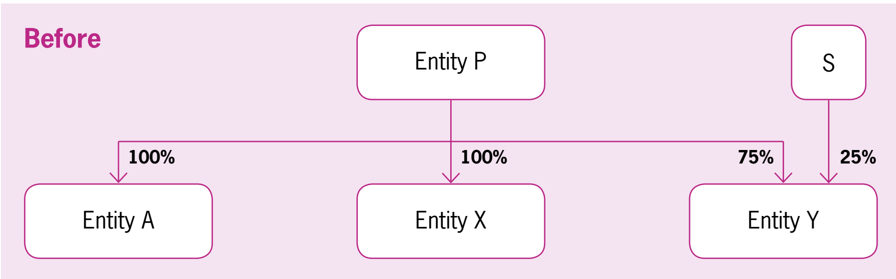
Entity P has three subsidiaries, Entities X, Y and A. Entity P acquired 100% of Entity X for CU18,000 many years ago. Entity's X's accumulated profits at that time were CU5,000. Entity P recorded X's identifiable net assets at their fair value of CU15,000 and recognised goodwill of CU3,000. The goodwill continues to be carried at CU3,000.

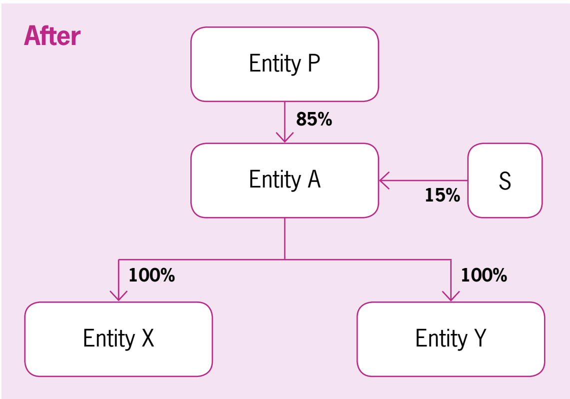
Entity P formed Entity Y with another investor, Shareholder S, also many years ago. Entity P's cost of investment in Entity Y was CU15,000, being 75% of Y's share capital.

On 1 January 20X0, Entity P formed Entity A with a share capital subscription of CU10,000.

On 31 December 20X1, Entity A acquired Entity P's and Shareholder S's shareholdings in X and Y. Entity A's consideration was 7,000 and 3,000 of its own shares of par value CU1, paid to Entity P and Shareholder S respectively. Entity X's and Entity Y's financial year end is 31 December.

The 'before' and 'after' structures are:





The income statements of Entities A, X and Y for the years ended 31 December 20X1 are:

	Entity A CU	Entity X CU	Entity Y CU
Revenue	2,000	40,000	50,000
Profit (loss)	**(4,000)**	**20,000**	**20,000**

The statements of financial position of Entities A, X and Y at 31 December 20X1 are:

	Entity A (before issue of shares) CU	Entity A (after issue of shares*) CU	Entity X CU	Entity Y CU
Investment in subsidiaries	–	223,000	–	–
Other assets	5,000	5,000	100,000	120,000
Net assets	**5,000**	**228,000**	**100,000**	**120,000**
Capital (including share premium)	10,000	233,000	10,000	20,000
Accumulated profits (losses)	(5,000)	(5,000)	90,000	100,000
	5,000	**228,000**	**100,000**	**120,000**

*The 10,000 new shares issued by Entity A as consideration are recorded at a value equal to the deemed cost of acquiring Entity X and Entity Y (CU223,000). The deemed cost of acquiring Entity X is CU103,000, being the existing book values of net assets of Entity X as at 31 December 20X1 (CU100,000) plus remaining goodwill arising on the acquisition of Entity X by Entity P (CU3,000) (see analysis below for explanation). The deemed cost of acquiring Entity Y is CU120,000, being the existing book values of net assets of Entity Y as at 31 December 20X1.

The income statements of Entities A, X and Y for the year ended 31 December 20X0 are:

	Entity A CU	Entity X CU	Entity Y CU
Revenue	1,000	38,000	45,000
Profit (loss)	**(2,000)**	**15,000**	**12,000**

The statements of financial position of Entities A, X and Y at 31 December 20X0 are:

	Entity A CU	Entity X CU	Entity Y CU
Net assets	**9,000**	**80,000**	**100,000**
Capital (including share premium)	10,000	10,000	20,000
Accumulated profits (losses)	(1,000)	70,000	80,000
	9,000	**80,000**	**100,000**

Analysis

As Entities A, X and Y are under the common control of Entity P before and after the business combination, the business combination is scoped out of IFRS 3. Entity A's accounting policy for common control business combinations is to apply a predecessor value method. In applying this method, Entity A also adopts a 'controlling party perspective'. The assets and liabilities of Entities X and Y are therefore consolidated in the financial statements of Entity A using carrying values in the consolidated financial statements of Entity P. This requires recognition of the remaining goodwill on the original acquisition of Entity X by Entity P and non-controlling interests in Entity Y, as stated in the consolidated financial statements of Entity P. There is no recognition of any additional goodwill. Note: If Entity A does not adopt a controlling party perspective, the remaining goodwill on the original acquisition of Entity X by Entity P would not be recognised by Entity A.

The consolidated income statement of Entity A for the year ended 31 December 20X1 is:

	Entity A CU	Entity X CU	Entity Y CU	Adjustments CU	Consolidated CU
Revenue	2,000	40,000	50,000	–	92,000
Profit (loss)	**(4,000)**	**20,000**	**20,000**	**–**	**36,000**
Attributable to the former NCI				5,000 (Y1)	(5,000)
Attributable to the equity holders of A				**–**	**31,000**

Adjustment

(Y1) Adjustment to reflect the profit attributable to the non-controlling interest (NCI) in Entity Y prior to the combination.

The consolidated statement of financial position of Entity A as at 31 December 20X1 is:

	Entity A CU	Entity X CU	Entity Y CU	Adjustments CU	Consolidated CU
Goodwill	–	–	–	3,000 (X1)	3,000
Investments in X and Y	223,000	–	–	(103,000) (X3) (120,000) (Y5)	–
Other assets	5,000	100,000	120,000	–	225,000
Net assets	**228,000**	**100,000**	**120,000**		**228,000**
Capital (including share premium)	233,000	10,000	20,000	(10,000) (X3) (20,000) (Y5)	233,000
Other reserve	–	–	–	(85,000) (X3) (75,000) (Y5)	(160,000)
Accumulated profits (losses)	(5,000)	90,000	100,000	(5,000) (X2) (25,000) (Y4)	155,000
	228,000	**100,000**	**120,000**		**228,000**

Adjustments

Relating to Entity X:

(X1) Adjustment to record goodwill arising on the original acquisition of Entity X by Entity P as stated in the consolidated financial statements of Entity P immediately prior to the combination (CU3,000).

(X2) Adjustment to eliminate the accumulated profits of Entity X prior to the original acquisition of Entity X by Entity P (CU5,000).

(X3) Adjustment to eliminate the share capital of Entity X against the related investment cost of Entity A. An adjustment of CU85,000 is made to a separate reserve in the consolidated financial statements of Entity A.

Relating to Entity Y:

(Y4) Adjustment to reflect the profits attributable to the non-controlling interest in Entity Y prior to the combination.

(Y5) Adjustment to eliminate the share capital of Entity Y against the related investment cost of Entity A. An adjustment of CU75,000 is made to a separate reserve in the consolidated financial statements of Entity A.

The consolidated income statement of Entity A for the year ended 31 December 20X0 is:

	Entity A CU	Entity X CU	Entity Y CU	Adjustments CU	Consolidated CU
Revenue	1,000	38,000	45,000	–	84,000
Profit (loss)	**(2,000)**	**15,000**	**12,000**	**–**	**25,000**
Attributable to the former NCI				3,000 (Y1)	(3,000)
Attributable to the equity holders of A				**–**	**22,000**

Adjustment

(Y1) Adjustment to reflect the profit attributable to the non-controlling interest in Entity Y.

The consolidated statement of financial position of Entity A as at 31 December 20X0 is:

	Entity A CU	Entity X CU	Entity Y CU	Adjustments CU	Consolidated CU
Goodwill	–	–	–	3,000 (X1)	3,000
Investments in X and Y	–	–	–	193,000 (1) (103,000) (X3) (90,000) (Y4)	–
Other assets	9,000	80,000	100,000		189,000
Net assets	**9,000**	**80,000**	**100,000**		**192,000**
Capital (including share premium)	10,000	10,000	20,000	193,000 (1) (10,000) (X3) (20,000) (Y4)	203,000
Other reserve	–	–	–	(85,000) (X3) (75,000) (Y4)	(160,000)
Non-controlling interests	–	–	–	25,000 (Y4)	25,000
Accumulated profits (losses)	(1,000)	70,000	80,000	(5,000) (X2) (20,000) (Y4)	124,000
	9,000	**80,000**	**100,000**		**192,000**

Note: The comparative figures are restated as if the entities had been combined at the previous reporting date. The consolidated share capital represents the share capital of Entity A adjusted for the share capital issued for the purposes of the business combination.

Adjustments

1. Adjustment to push back the capital issued for the purposes of the business combination (CU193,000 of which CU103,000 relates to Entity X and CU90,000 to Entity Y). The aim of the consolidated financial statements in a pooling-type method is to show the combining entities' results and financial positions as if they had always been combined. Consequently, the 7,000 shares issued for the purposes of the business combination are presented as if they had always been outstanding.

Relating to Entity X:

(X1) Adjustment to record remaining goodwill that arose on the original acquisition of Entity X by Entity P (as stated in the consolidated financial statements of Entity P immediately prior to the combination (CU3,000)).

(X2) Adjustment to eliminate the accumulated profits of Entity X earned prior to the original acquisition of Entity X by Entity P (CU5,000).

(X3) Adjustment to eliminate the share capital of Entity X against the related cost of investment in Entity A. An adjustment of CU85,000 is made to a separate reserve in the consolidated financial statements of Entity A.

Relating to Entity Y:

(Y4) Adjustment to eliminate the share capital of Entity Y against the cost of investment in Entity A. Prior to the business combination, Entity P had a 75% equity interest in Entity Y. Non-controlling interest of CU25,000 is therefore recognised as at 31 December 20X0. An adjustment of CU75,000 is made to a separate reserve (within equity).

Future developments

At the time of writing the IASB is conducting a research project on business combinations under common control. The IASB has acknowledged that the absence of specific requirements has led to diversity in practice and anticipates issuing a discussion paper in 2016.

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