

Invitation to Comment:

Draft Comment Letter–IASB’s DP/2020/2 *Business Combinations Under Common Control*

Deadline for completion of this Invitation to Comment:

Close of business 30 June 2021

Please submit to: BCUCC@endorsement-board.uk

Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the draft comment letter on the IASB’s DP/2020/2 *Business Combinations Under Common Control*.

Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts that apply IFRS.

How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return to BCUCC@endorsement-board.uk by close of business on 30 June 2021.

Brief responses providing views on individual questions are welcome, as well as comprehensive responses to all questions.

The UK Endorsement Board

Following the UK’s exit from the European Union, the Department for Business, Energy and Industrial Strategy (BEIS) has set up the UK Endorsement Board (UKEB) to fulfil statutory functions of influencing the development and subsequent adoption of International Accounting Standards for use in the UK. This Invitation to Comment forms part of those influencing activities and is intended to contribute to the International Accounting Standards Board’s (IASB) due process. The views expressed by the UKEB secretariat in this document are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended International Accounting Standards to be provided to the Secretary of State or the UKEB, once powers have been delegated.

Privacy and other policies

The data collected through submitting this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and endorsing IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)¹.

The UKEB's policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published please provide UKEB with an unsigned version of your submission. The UKEB prefer to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the "Your Details" document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other document submitted; therefore, only information that you wish to be published should be submitted in such responses.

Questions

1. Do you think an accounting policy choice should be made available such that those who qualify for the book value method can elect to use the acquisition method where they consider that appropriate to their circumstances? (Draft comment letter, appendix 1, paragraph A3). Please explain why or why not.

We support an option for a company to choose the acquisition method. This would seem only to apply to the related party exception where book values are proposed to be compulsory. We recognise that options may undermine comparability, but we consider the acquisition method to be the most appropriate treatment and so should always be available. Related parties are potentially a wide group and some may rely on general purpose financial statements as they may not enjoy access to other information as the IASB contend.

2. Do you agree with the IASB's proposed non-controlling shareholder exemption for private companies? (Draft comment letter, appendix 1, paragraph A6). If not is there an alternative you would recommend?

We note that the condition of consent by non-controlling shareholders may raise practical issues, but agree with the principle.

¹ These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk>

3. The acquisition method will apply when non-controlling shareholders are affected by the BCUCC. In these circumstances do you agree that where consideration paid is greater than the fair value of the assets and liabilities acquired the difference should be treated as goodwill, and not as a distribution from equity? (Draft comment letter, appendix 1, paragraph A10). Please explain why or why not.

Agree.

4. Do you have any other comments you would like to make on the IASB proposals or the UKEB Draft Comment Letter?

The discussion paper does not cover sufficiently the question of book values of assets that might be used. Could these be based on national GAAP for example?

Thank you for completing this Invitation to Comment