**What is a business combination under common control?**
The transfer of a business from one company within a group to another.

**Example—A business combination under common control**
Companies A, B and C are part of a group controlled by Company P. Company C is transferred from Company A to Company B. Company C is a business.

**Controlling party**

**Receiving company**

**Transferred business**

**What problem is the project trying to solve?**
IFRS Standards require the acquisition method for business combinations but do not address business combinations under common control.

- Similar transactions are reported differently.
- The acquisition method and a variety of book-value methods are used in practice, making comparisons difficult.
- Often, little information is provided about these transactions.

**What is the scope of the project?**
The project focuses on filling the gap in IFRS Standards.

The project is considering:
- reporting by the receiving company;
- typically, only in its consolidated financial statements;
- on the transfer of a business under common control.

Reporting by the controlling party is not affected by this project.

**How is the IASB proposing to solve the problem?**
The Board’s view is that one size does not fit all—for some business combinations under common control, the acquisition method should be used, and for the others a book-value method should be used.

The Board’s view is that companies should provide similar information about similar transactions when the benefits of providing that information outweigh the costs.

- When the receiving company has non-controlling shareholders, it should use the acquisition method (with limited exceptions).
- In all other cases, the receiving company should use a book-value method.

**How should the acquisition method be applied?**
- Generally, the acquisition method should be applied just as set out in existing IFRS Standards.
- This method measures assets and liabilities received in the combination at fair value, and recognises goodwill.

**How should a book-value method be applied?**
- IFRS Standards would specify a single book-value method.
- This method measures assets and liabilities received in the combination at their existing book values.

**What will change if the IASB’s preliminary views are implemented?**
Better information about business combinations under common control.

- Reporting of these transactions will become more transparent and more comparable.
- Listed companies and companies preparing for listing will be required to apply these new requirements.
- Special requirements will apply to privately held companies in specified circumstances.