



15 June 2023

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

## INVITATION TO COMMENT ON IFRS INTERPRETATIONS COMMITTEE TENTATIVE AGENDA DECISION

***Comments to be received by 14 July 2023***

The IFRS Interpretations Committee (IC) works together with the International Accounting Standards Board to support the consistent application of IFRS Accounting Standards. They do so by, among other things, issuing narrow-scope amendments and IFRIC Interpretations, and publishing agenda decisions to address application questions.

If the IC decides that a standard-setting project should not be added to the work plan, it explains why in a tentative agenda decision, and requests comments within a period normally of 60 days. An agenda decision explains why a standard-setting project has not been added to the work plan and, in many cases, includes explanatory material. Agenda decisions cannot add or change requirements in IFRS Accounting Standards.

At its June meeting, the IC discussed an application question in relation to [\*Merger between a Parent and Its Subsidiary in Separate Financial Statements \(IAS 27 Separate Financial Statements\)\*](#). The request asked how a parent entity that prepares separate financial statements applying IAS 27 accounts for a merger with its subsidiary in its separate financial statements. In particular, the request asked whether, in the context of the parent entity's separate financial statements, the merger transaction a) constitutes a business combination as defined in IFRS 3 *Business Combinations* and consequently, whether an entity should apply all the requirements in IFRS 3 that apply to the accounting for a business combination; or b) the merger should not be accounted for as a business combination. Applying this view, the parent entity—in its separate financial statements—recognises the subsidiary's assets and liabilities at previous carrying amounts.

Based on its findings, the IC considered that the matter described in the request does not have widespread effect and tentatively decided not to add a standard-setting project to the work plan.

The Financial Reporting Standards Committee of the Hong Kong Institute of Certified Public Accountants is seeking comments on the above tentative agenda decision by **14 July 2023** to allow your comments to be considered in developing its response. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
37<sup>th</sup> Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

Fax number (+852) 2865 6603  
E-mail: [commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk)

Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.