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# IASB proposes to update Conceptual Framework reference in IFRS 3

The International Accounting Standards Board (Board) has today published for public consultation proposed narrow-scope amendments to IFRS 3 *Business Combinations*. The amendments would update a reference to the *Conceptual Framework for Financial Reporting* without changing the accounting requirements for business combinations.

IFRS 3 specifies *how* a company should account for the assets and liabilities it acquires when it obtains control of a business. It refers companies to the Board's *Conceptual Framework* to determine *what* constitutes an asset or a liability.

IFRS 3 refers to an old version of the *Conceptual Framework*. The Board proposes to update IFRS 3 so it refers instead to the latest version, issued in March 2018.

Updating the reference without making any other changes to IFRS 3 could change the accounting requirements for business combinations because the liability definition in the 2018 *Conceptual Framework* is broader than that in previous versions. Companies would need to record provisions and contingent liabilities when they acquire a business they would not record in other circumstances. To avoid this, the Board also proposes that for provisions and contingent liabilities, companies refer to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* instead of the *Conceptual Framework* to determine what constitutes a liability.

This change is proposed to stand until the Board decides whether and how to amend IAS 37 to align it with the 2018 *Conceptual Framework*.

View the Exposure Draft *Reference to the Conceptual Framework*, with proposed amendments to IFRS 3.

Submit your comment letters here. The comment deadline is **27 September**.

