

International Accounting Standards Board  
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United Kingdom

Correspondant	Your references	Our references	Date
Ignace Bogaert Tel. +32(0)2 221 83 03		COR 2016-050	19.10.2016

Dear Sir, Madam,

### **Invitation to comment – IASB ED Definition of a Business and Accounting for Previously Held Interests**

The Belgian Accounting Standards Board (BASB) is pleased to respond to the Exposure Draft on *Definition of a Business and Accounting for Previously Held Interests* issued by the IASB (the “Board”) on 28 June 2016 (hereinafter the “ED”).

#### **Question 1**

The Board is proposing to amend IFRS 3 to clarify the guidance on the definition of a business (see paragraphs B7–B12C and BC5–BC31). Do you agree with these proposed amendments to IFRS 3?

In particular, do you agree with the Board’s conclusion that if substantially all the fair value of the gross assets acquired (i.e. the identifiable assets and non-identifiable assets) is concentrated in a single identifiable asset or group of similar identifiable assets, then the set of activities and assets is not a business (see paragraphs B11A–B11C)?

Why or why not? If not, what alternative would you propose, if any, and why?

We generally agree with the proposed amendments to IFRS 3, to clarify the definition of a business.

#### **Question 2**

The Board and the FASB reached substantially converged tentative conclusions on how to clarify and amend the definition of a business. However, the wording of the Board’s proposals is not fully aligned with the FASB’s proposals.

Do you have any comments regarding the differences in the proposals, including any differences in practice that could emerge as a result of the different wording?

We have no comments on this question. The FASB are currently redeliberating the proposals

in their ED based on the comments they received and their thinking may have evolved.

**Question 3**

To address diversity of practice regarding acquisitions of interests in businesses that are joint operations, the Board is proposing to add paragraph 42A to IFRS 3 and amend paragraph B33C of IFRS 11 to clarify that:

(a) on obtaining control, an entity should remeasure previously held interests in the assets and liabilities of the joint operation in the manner described in paragraph 42 of IFRS 3; and

(b) on obtaining joint control, an entity should not remeasure previously held interests in the assets and liabilities of the joint operation.

Do you agree with these proposed amendments to IFRS 3 and IFRS 11? If not, what alternative would you propose, if any, and why?

We agree with the proposed addition of paragraph 42A in IFRS 3 and the proposed amendment to paragraph B33C of IFRS 11.

**Question 4**

The Board is proposing the amendments to IFRS 3 and IFRS 11 to clarify the guidance on the definition of a business and the accounting for previously held interests be applied prospectively with early application permitted.

Do you agree with these proposed transition requirements? Why or why not?

We agree with the proposed transition requirements in IFRS 3 and IFRS 11 based on cost-benefit considerations. Retrospective application of amendments would mean that the entity would need to determine the fair value of previously held interests and gross assets acquired in the past which may require undue cost and effort. In addition, we agree with the Board's view in BC 32 that such retrospective measurements under amended IFRS 3 may involve the use of hindsight.

Should you wish to discuss the content of this letter with us, please contact Jan Verhoeye at [jan.verhoeye@cnc-cbn.be](mailto:jan.verhoeye@cnc-cbn.be).

Yours faithfully,



Jan Verhoeye,  
Chairman BASB.