

Sam Chan Ka Chun

From: info <Info@hkab.org.hk> on behalf of HKAB <info@hkab.org.hk>
Sent: Friday, 14 July 2023 19:10
To: P.T. Comment Letter
Cc: HKAB
Subject: Re: Invitation to Comment on IFRS Interpretations Committee Tentative Agenda Decision - Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)
Attachments: HKAB Submission_20230714.pdf

Dear Ms. Kwei,

Thank you for your email dated 15 June 2023 inviting the Association's comments on the captioned Tentative Agenda Decision. After consulting members of HKAB's Financial Reporting Committee, our consolidated comments are enclosed below for your consideration.

We hope you would find our comments useful. If you have any questions, please contact our Assistant General Manager Mr Ryan Zhou (email: ryanzhou@hkab.org.hk / tel: 2567 1363) or Business Executive Mr Brian Lau (email: brianlau@hkab.org.hk / tel: 2526 8877).

Best regards

Alieza Chan
Secretary

Enc.

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From: "P.T. Comment Letter" <commentletters@hki CPA.org.hk>
To: undisclosed-recipients;
Date: 06/15/2023 05:36 PM
Subject: Invitation to Comment on IFRS Interpretations Committee Tentative Agenda Decision - Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)

Dear Sir/Madam,

Invitation to Comment on IFRS Interpretations Committee Tentative Agenda Decision - Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)

We are writing to seek your organization's comments on the captioned tentative agenda decision.

The full tentative agenda decision can be accessed on the HKICPA website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/fred>

We would be grateful for your comments on the tentative agenda decision by **14 July 2023**.

Thank you.

Yours faithfully,
Standard Setting Department
Hong Kong Institute of Certified Public Accountants
CPA: The Success Ingredient

Consultation on IFRS Interpretations Committee Tentative Agenda Decision - Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)

Seq.	Relevant Excerpt / Section	HKAB Comments
1.	<p><u>General</u></p>	<p>We note in general that an intra-group transfer of businesses under common control is scoped out of IFRS 3 and other IFRSs are silent on the accounting for common control transactions in the consolidated financial statements, and therefore that IAS 8 should be applied.</p> <p>Given the merger between a parent and subsidiary is not a widespread issue, we agree not to add a standard-setting project to the work plan at this stage.</p> <p>For the intra-group transfer of businesses under common control, we apply what is described by the staff as the “carrying amount method” – i.e. recognise the assets and liabilities transferred at their previously recognised carrying amounts.</p> <p>We agree with the comments of some respondents that hive-up transactions (and other prevalent forms of complex group restructurings) should be more directly addressed within the IASB’s BCUCC project.</p>
2.	<p><u>Agenda Paper 3 of IFRS IC meeting in June 2023 – B14</u> According to View 2, goodwill is not remeasured at the date of the merger. Amounts of goodwill in consolidated financial statements and in separate financial statements are the same.</p>	<p>While it is agreed that in common IFRS 3 is not applicable to the merger transaction described in the request because the parent entity controlled the subsidiary before the merger, it would be helpful if the agenda decision of IFRSs can further clarify the basis for recognition of goodwill in separate financial statement in view 2 as proposed by submitter.</p>