



**RSM International Limited**

50 Cannon St  
London  
EC4N 6JJ  
UK

T +44 (0)207 6011080

[www.rsm.global](http://www.rsm.global)

Mr Hans Hoogervorst  
Chairman  
IFRS Foundation  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom  
Email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

24 September 2019

**Exposure draft ED/2019/3 Reference to the *Conceptual Framework* Proposed amendments to IFRS 3**

Dear Mr Hoogervorst

We welcome the opportunity to comment on the IASB's exposure draft ED/2019/3 Reference to the *Conceptual Framework* Proposed amendments to IFRS 3.

We agree with the proposed amendments, which in our view will aid consistency in the application of IFRS 3. Our responses to the specific questions included in the consultation are set out in Appendix 1.

We would be pleased to respond to any comments the Board or its staff may have about our response. If you have any questions or comments please do not hesitate to contact Ralph Martin (+61 (0)8 9261 9374) or me (+44 (0)207 601 1842).

Yours faithfully,

Marion Hannon  
Global Leader, Quality & Risk  
RSM International

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

## Appendix: RSM's Response to Specific Matters for Comment requested by the IASB

### Question 1

The Board proposes to:

- (a) update IFRS 3 so it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
- (b) add to IFRS 3 an exception to its recognition principle. For liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if incurred separately, an acquirer should apply IAS 37 or IFRIC 21 respectively, instead of the *Conceptual Framework*, to identify the obligations it has assumed in a business combination.
- (c) add to IFRS 3 an explicit statement that an acquirer should not recognise contingent assets acquired in a business combination.

**Do you agree with these proposals? If not, why not, and what do you recommend instead?**

We agree with the proposal to update paragraph 11 of IFRS 3 to refer to the 2018 *Conceptual Framework* in order to reflect the change in the definitions of assets and liabilities. We also concur with the amendments proposed in paragraphs 21A to 23 of IFRS 3 which are intended to ensure consistency in the liabilities recognised in business combinations occurring before and after the amendment to the reference to the *Conceptual Framework* is effective. Finally, we welcome the addition of paragraph 23A which clarifies the treatment of contingent assets acquired in a business combination.

### Question 2

**Do you have any other comments on the proposals in this Exposure Draft?**

We would also welcome a requirement for an acquirer to apply IFRIC 23 to uncertain tax treatments.

END OF DOCUMENT