

Amendment to MFRS 3 *Business Combinations*

In paragraph 11, the footnote to ‘*Framework*’ is deleted and a footnote to ‘*Framework for the Preparation and Presentation of Financial Statements*’ is added. Paragraph 11 has not been otherwise amended but is included for ease of reference. New text is underlined and deleted text is struck through.

Recognition conditions

- 11 To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the *Framework*[†] for the *Preparation and Presentation of Financial Statements*[‡] at the acquisition date. For example, costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree’s employees are not liabilities at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other MFRSs.

[†] ~~The *Framework for the Preparation and Presentation of Financial Statements* was adopted by the MASB in 2007. In November 2011 the MASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*.~~

[‡] For this Standard, acquirers are required to apply the definitions of an asset and a liability and supporting guidance in the *Framework for the Preparation and Presentation of Financial Statements* adopted by the MASB in 2007 rather than the *Conceptual Framework for Financial Reporting* issued in 2018.