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Accounting for a transfer of a business or entity under four scenarios

Issues Paper

Background

- 1 The IASB is planning to issue a discussion paper on transfers of a business or entity under common control in the first half of 2019¹. Such transactions are outside the scope of IFRS 3 *Business Combinations*.
- 2 In order to prepare for its response to the discussion paper, EFRAG TEG considered at its March 2018 meeting the advantages and disadvantages of different methods to account for the transfer of a business or entity under common control in the financial statements of the receiving party. The financial statements of the receiving party can either be consolidated or individual financial statements. Sometimes the transfer of a business or entity is a share deal and it is more relevant to consider the consolidated financial statements of the receiving party. In other cases, the assets and liabilities of the transferred business or entity will become the assets and liabilities of legal receiving party. In those cases, it is also relevant to consider the individual financial statements of the receiving party.
- 3 The methods considered for accounting for the transfer of a business or entity under common control were:
 - (a) The acquisition method under which the acquirer recognises the identifiable assets acquired and liabilities assumed at their acquisition-date fair value and recognises any goodwill or gain from a bargain purchase. The variant considered is the acquisition method used in IFRS 3 *Business Combinations*. However, it is only the guidance on the measurement of assets and liabilities included in IFRS 3, that is used. The guidance on the identification of the acquirer included in IFRS 3 is thus not regarded. Accordingly, in the following examples, the acquisition method is used regardless of whether the receiving party can be identified as the 'acquirer' in accordance with IFRS 3.
 - (b) The predecessor method. Two variants were considered. The first variant measured assets and liabilities using the amounts used for the controlling party's consolidated financial statements. The second variant measured assets and liabilities using the amounts included in the financial statements of the transferred business or entity. Under both variations, the comparative figures were adjusted.
 - (c) The fresh start method. Under this method both identifiable assets and liabilities of the receiving party and the transferred business were measured at fair value.

¹ At its March 2018 meeting, the IASB decided to postpone the publication of the discussion paper from H2 2018 to H1 2019.

- (d) The allocation of cost method. When applying this method, the consideration transferred by the receiving party was allocated to the acquired net assets.
- 4 At its March 2018 meeting EFRAG TEG based its assessments on the information that would be most useful for users of general purpose financial statements. In accordance with the scope of the IFRS project, EFRAG TEG did accordingly not consider what information would be most useful for the ultimate controlling party of the transferring and receiving party. At the meeting, however, an EFRAG TEG member stated that shareholders of the controlling party should also be considered as users of general purpose financial statements of the receiving party.
 - 5 At the March 2018 EFRAG TEG meeting, EFRAG TEG also decided that it wanted to consider some examples of transfers of a business or entity under common control to assess how to account for these.

Objective

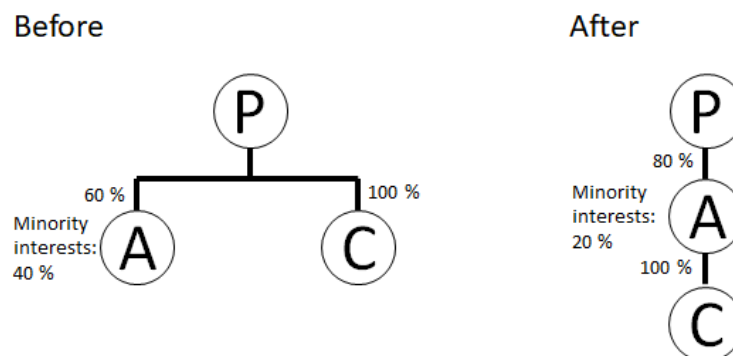
- 6 The objective of this session is accordingly to receive the views of EFRAG TEG members on how to account for the transfer of a business or entity under common control in the financial statements of the receiving party in four cases. The EFRAG Secretariat plans to prepare at least two sessions with different examples. In this first session, four scenarios based on the suggestions of one EFRAG TEG member will be presented:
 - (a) A case with non-controlling interests (Case 1);
 - (b) A case in which the transfer occurs in view of an IPO (Case 2);
 - (c) A case in which the transfer occurs in view of a sale of part of a business (Case 3); and
 - (d) A case in which the transfer occurs in view of a bond issue (Case 4).

Case 1 – Non-controlling interests

Fact pattern

- 7 P controls a group of entities. One of P's consolidated group companies is entity C, which represents one of P's several business lines. P acquires a 60 per cent interest in entity A, which is the parent company in a group of companies all operating in a business line similar to C's activities. A is a listed entity and the 40 per cent interest is owned by multiple shareholders. P's 60 per cent interest allows P to exercise control over A.
- 8 Subsequent to the acquisition of A, P transfers its subsidiary C to A. In exchange, P receives interests in entity A which dilute the minority interest from 40 per cent to 20 per cent. The jurisdiction in which A is located provides extensive protective rights to minority shareholders. Transactions with a controlling shareholder have to be on an arm's length basis and are subject to audit and reporting requirements. The minority shareholders have a right to demand a court examination of the transaction and the underlying valuations which may result in a reversal of the transaction or compensation.

The case is illustrated below:



Relevant users and their information needs

9 The EFRAG Secretariat has identified the following groups of users that could be affected by the transaction:

- (a) Current and future shareholders of 'P'.
- (b) Current and future providers of debt to 'P'.
- (c) Current and future minority shareholders of 'A'.
- (d) Current and future providers of debt to 'A'.

10 When limiting the groups of uses to those mentioned above, the EFRAG Secretariat has assumed that the transfer does not have any implications on e.g. operation and tax.

11 The EFRAG Secretariat assesses that the user groups mentioned in paragraph 9 would have the information needs described in the following paragraphs.

Current and future shareholders of 'P'

12 Current shareholders of 'P' would want to know whether the value of the increase in the shares of entity 'A' at least corresponds to the decrease in the interest in Entity 'C'. Current and future shareholders of 'P' would want information that would be useful for predicting the future cash flows from 'P' and to assess the stewardship of the management of 'P'.

Current and future providers of debt to 'P'

13 Current and future providers of debt to 'P' will have similar interests as current and future shareholders of 'P' except that they would be more interested in knowing about potential negative effects than positive effects.

Current and future minority shareholders of 'A'

14 Current minority shareholders of 'A' would want to know whether the increase in the value in their interests in 'A' following the transfer of 'C' at least corresponds to the decline in the value of their interest in 'A' following the dilution.

15 Current and future minority shareholders of 'A' would want information that would be useful for predicting the future cash flows from 'A' and information useful for assessing the stewardship of the management of entity 'A'.

Current and future providers of debt to 'A'

16 Current and future providers of debt to 'A' would have similar interests as current and future shareholders of 'A' except that they would be more interested in knowing about potential down-side effects than up-side effects.

Comparison of information needs and accounting methods

- 17 As mentioned in paragraph 3 above, at the March 2018 EFRAG TEG meeting, an EFRAG TEG member informed that capital providers to a parent entity would also use the financial statements of subsidiaries. The member noted that for this purpose it was most useful to present the transaction similarly in both the financial statements of the subsidiaries and of the parent. This would mean that the push-down predecessor method would be favoured by the current and potential capital providers of 'P' for predicting future cash flows.
- 18 Based on the analysis considered at the March 2018 EFRAG TEG meeting, the EFRAG Secretariat assesses that the acquisition method would provide more relevant information than the predecessor method to assess whether the consideration transferred (the interests in 'A') was reasonable. However, the information will only be useful if it can be determined sufficiently reliably – which may be questionable.
- 19 Immediately after the transfer, the acquisition method or the fresh start method would also provide the most relevant information for estimating future cash flows if these are primarily estimated using the statements of financial position. However, as noted by the EFRAG Secretariat at the March 2018 EFRAG TEG meeting, research sponsored by EFRAG indicates that future cash flows are generally estimated on the basis of the statement of profit or loss. Accordingly, if the operation of 'C' will be unaffected by the transfer, the EFRAG Secretariat assesses that the predecessor method will provide the most relevant information for predicting future cash flows. The predecessor method will allow comparative figures and be based on the normal mixed measurement model included in IFRS Standards, which EFRAG has assessed provide more relevant information for predicting future cash flows than if all assets and liabilities are measured at fair value. Immediately after the transfer, the measurement at fair value under the acquisition method may make it easier to assess whether the assets of 'C' are used in the best manner. The reason is that, in theory, the fair value of an asset should reflect its cash generating abilities. Accordingly, if the entity cannot generate a return by using the asset that would reflect the fair value of the asset, the entity is not using the asset in the best manner. This could, for example, happen if an entity is using a building on an attractive location for office buildings as a storage facility. However, the assessment of stewardship by considering the margins reported in profit or loss with previous reported margins seems only possible under the predecessor method.
- 20 The predecessor method will also be less costly to apply than the acquisition method.

Questions for EFRAG TEG

- 21 Does EFRAG TEG assess that there would be other users than those listed in paragraph 9 above that should be considered when assessing how 'A' should account for the transfer of 'C'? If so, what additional users?
- 22 Does EFRAG TEG agree with the assessments of:
- (a) the information needs of users (included in paragraphs 12 - 16 above);
 - (b) which method would best meet each of those needs (included in paragraphs 17 - 19 above); and
 - (c) which method would be least costly to apply (included in paragraph 20 above)?
- 23 Does EFRAG TEG consider that some information needs are more important to meet than others (e.g. because some information such as the information needed by the shareholders of 'P') is/can be provided through other means than through the financial statements of the receiving party or because some types of

information is better provided through financial statements than through other information sources (because of the 'competitive advantages of financial statements')?

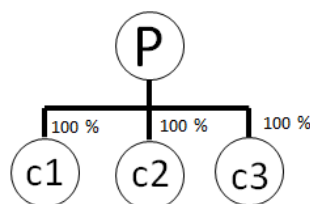
- 24 If EFRAG TEG considers that information from different methods of accounting for the transfer should be included in financial reports, could some information be provided in the notes to the financial statements? If so, which information should be included in the financial statements and which should be included in the notes?
- 25 Which method does EFRAG TEG think should be required by 'A' to account for the transfer of 'C'? Why?

Case 2 – Preparation of an IPO

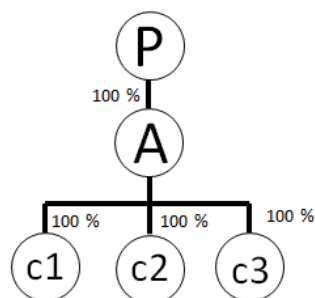
Fact pattern

- 26 P controls a group of entities. The activities of the entities controlled by P are managed along business lines. Each business line represents a reportable segment under IFRS 8. In a corporate restructuring P intends to dispose of its business line C. C is comprised of multiple legal entities (c1, c2 and c3) in different jurisdictions. C has been managed in its current form continuously for a number of years by a management team. The management team of business line C is interested in an IPO of C. To facilitate the IPO P creates a new entity 'A' and transfers its interests in c1, c2 and c3 to A (in return for share capital).
- 27 The case is illustrated below:

Before



After



Relevant users and their information needs

- 28 For this case, the EFRAG Secretariat has identified the following groups of users that could be affected by the transaction:
- Existing users of financial information:
 - Current shareholders of entity 'P';
 - Current providers of debt to entity 'P'; and
 - Current providers of debt to entities 'C'.
 - Potential (future) users of financial information:
 - Future shareholders of entity 'A' following the IPO; and
 - Future debt providers of entity 'A' following the IPO.
- 29 The EFRAG Secretariat has assessed the information needs of the user groups mentioned in paragraph 28 in the following paragraphs.

Current shareholders of entity 'P'

- 30 The reorganisation of business line C and its planned spin-off within the corporate shell of entity 'A' is just a restructuring transaction. By itself the transaction does not

change the economic resources controlled by 'P' through the newly formed entity 'A' but rather changes the legal form of business line C's existing operations.

Current providers of debt to entity 'P'

- 31 Current providers of debt to entity 'P' are interested in the financial statements of the newly formed entity 'A' if the business line restructuring would affect the calculation of debt covenants for entity 'P'.

Current providers of debt to entities 'C'

- 32 Current providers of debt to entities 'C' would be interested in the financial statements of the newly formed entity 'A' from the perspective of how their claims will be backed up by 'A' and whether their position would be affected (weakened or strengthened) by the transfer of entities 'C' to entity 'A'.

Future shareholders of entity 'A'

- 33 Future shareholders of 'A' would be interested in assessing the future cash flows of 'A' and assessing the management's stewardship.

Future debt providers of entity 'A'

- 34 Future debt providers of entity 'A', would have similar information needs as future shareholders of 'A'. However, the debt providers may require less detailed information than shareholders as debt providers would mainly be interested in knowing whether an entity would be able to settle a liability and not how much would be left when the liabilities have been settled.

Comparison of information needs and accounting methods

- 35 The application of the acquisition method (or the fresh start method) in preparation of an IPO, will provide the current shareholders of entity 'P' with a valuation of entities 'C' which would enable them to assess whether the consideration received from the IPO is commensurate with the actual fair value of the disposed entity 'C'. Any significant deviation between the received consideration from the IPO and the fair valued entity 'C' would be a good indication about the current managements' stewardship in relation to the IPO.
- 36 However, if the IPO does not succeed, the application of the predecessor method to account for the transaction would better reflect the economics of the transaction from the point of view of the current shareholders of entity 'P' compared to the acquisition method as it would only represent internal restructuring without actual value being created for the entity.
- 37 If the acquisition method of accounting is applied to the assets and liabilities transferred to entity 'A', it can lead to higher or lower covenant values depending on the fair values assigned to particular assets and liabilities in the individual financial statements of 'A'. However, the variation of covenants would not reflect real economic circumstances. If the predecessor method is used, the debt covenants would not be affected.
- 38 For future shareholders of entity 'A' it can be argued that valuing entity 'A's assets and liabilities at fair value by applying the acquisition method, might result in having values closer to market values immediately before the IPO. This would, however, require that the IPO happens shortly after the transfer. For the information to be useful, the fair value estimates would also have to be reliable.
- 39 Future shareholder of 'A' may also want to determine the value of 'A' based on the performance of c1, c2 and c3. The predecessor method could (depending on how it is used) provide information as if c1, c2 and c3 had 'always' been one entity. Information about the performance of c1, c2 and c3 as if they had always been one entity would be useful for predicting future cash flows and accordingly for valuating 'A'.

- 40 While the acquisition method and the fresh start method may be most relevant at the time of the transfer (and shortly after) for assessing whether assets are used in their best manner, the predecessor method may provide more relevant information about margins the management is able to achieve.
- 41 Under the acquisition method most liabilities would be measured at fair value. This might provide creditors with useful information for the scenario that 'A' had to settle all its liabilities at the time of the transfer of c1, c2 and c3. However, if the 'business model' of the various liabilities should be reflected when measuring the leverage, the predecessor method may provide more relevant information as the liabilities would then be measured using the general requirements in IFRS Standards (which for some liabilities will reflect how they normally are to be settled).
- 42 The acquisition method (or the fresh start method) might also provide creditors with useful information for the scenario that 'A' had to settle all its liabilities at the time of the transfer of entities 'C'. However, if the 'business model' of the various liabilities should be reflected when measuring the leverage, the predecessor method may provide more relevant information as the liabilities would then be measured using the general requirements in IFRS Standards (which for some liabilities will reflect how they normally are to be settled).
- 43 The predecessor method will be less costly to apply than the acquisition method and the fresh start method.

Questions for EFRAG TEG

- 44 Is EFRAG TEG of the view that when considering which method would provide the most useful information, the information needs of potential future shareholders of 'A' should be taken into account?
- 45 Does EFRAG TEG considers that there would be other users than those listed in paragraph 28 above that should be considered when assessing how the transfer of 'c1', 'c2' and 'c3' should be accounted for by 'A'? If so, what additional users?
- 46 Does EFRAG TEG agree with the assessments of:
- (a) the information needs of users (included in paragraphs 30- 34 above);
 - (b) which method would best meet each of those needs (included in paragraphs 35 - 42 above); and
 - (c) which method would be least costly to apply (included in paragraph 43 above)?
- 47 Does EFRAG TEG consider that some information needs are more important to consider than others?
- 48 If EFRAG TEG considers that information from different methods of accounting for the transfer should be included in financial reports, could some information be provided in the notes to the financial statements? If, so which information should be included in the financial statements and which should be included in the notes?
- 49 Which method does EFRAG TEG think should be required by 'A' to account for the transfers of 'c1', 'c2' and 'c3'? Why?

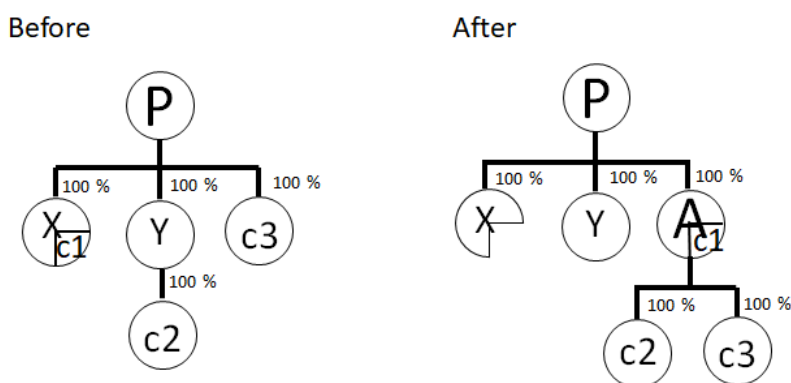
Case 3 – Preparation of a sale other than an IPO

Case description

- 50 P controls a group of entities. P is engaged in the design, manufacturing, distribution and servicing of equipment for various and diverse types of customer industries. P intends to sell all its own manufacturing activities, i.e., assets and workforce, and to concentrate its activities going forward on design, distribution and servicing. Some

of P's manufacturing facilities are incorporated as legal entities (c2 and c3) while others are comprised of assets and workforce owned by entities that cover the complete value chain, i.e. from design to after-market-service (c1). IFRS accounting data is – in principle - available for all manufacturing facilities, however, the performance of all manufacturing facilities is heavily impacted by their interaction with the other activities of P. P engages an investment bank to explore the opportunities of a potential disposal. The investment bank ascertains that there is lively interest both from strategic investors and financial investors. Since the potential buyers are very diverse and have very different intentions ranging from integration in their own existing activities to restructuring and subsequent disposal there is no clear picture of expectations relating to financial accounting data. Some seem to expect some form of consolidated historical financial data while other seem to be more focused on appraisal valuation and due diligence activities. There seems to be no interest in taking the disposal entities to the capital market. P's former manufacturing facilities will – after the disposal - continue to have strong interaction with P's retained activities.

- 51 To facilitate the sale, P establishes entity A. Entity A “acquires” c1 and c2 by transferring cash to Entity X and Entity Y respectively. Entity c3 is transferred from P to A in return for shares in Entity A.
- 52 The case is illustrated below:



Relevant users and their information needs

- 53 For this scenario, the EFRAG Secretariat has identified the following groups of users that could be affected by the transaction:
- (a) Current shareholders of entity 'P';
 - (b) Current providers of debt to entity 'c1'; and
 - (c) Potential investors in entity 'A'.
- 54 EFRAG Secretariat has assessed the information needs of the user groups mentioned in paragraph 53 in the following paragraphs.

Current shareholders of entity 'P'

- 55 The information needs of current shareholders of entity 'P' are primarily related to assessing the future cash flows of 'A' and assessing whether any consideration that would be received from selling 'A' would reflect the value of 'A'.

Current providers of debt to entity 'c1'/'A'

- 56 Current providers of debt to c1 would want to know whether the transfer to A would reduce the likelihood that their claims would be settled. A reduction in the likelihood could happen if 'A' would be higher leveraged than 'X' in which the creditor had a claim or 'A' would be less profitable than 'X'. Future creditors of 'A' would be

interested in the leverage and future cash flows from A – particularly with respect to any down-side risk.

Potential investors in entity 'A'

- 57 Potential investors in entity 'A' would be interested in information which would enable them to assess what price they could pay for the entity. As the needs of potential investors vary, some investors may want to estimate the future cash flows 'A' could generate while others would want to know what the various assets could be sold for or information that could be useful for assessing the profitability of using the assets in the manner they could envisage.

Comparison of information needs and accounting methods

- 58 The application of the acquisition method (and the fresh start method) would provide entity 'P's current shareholders with a basis to assess whether the price 'A' would be sold for would reflect the fair value of 'A'.
- 59 The acquisition method (or the fresh start method) might also provide creditors with useful information for the scenario that 'A' had to settle all its liabilities at the time of the transfer of c1, c2 and c3. However, if the 'business model' of the various liabilities should be reflected when measuring the leverage, the predecessor method may provide more relevant information as the liabilities would then be measured using the general requirements in IFRS Standards (which for some liabilities will reflect how they normally are to be settled).
- 60 The acquisition method would also result in relevant information for investors when deciding to purchase entity 'A'. The remeasurement of entity 'A's assets and liabilities using the acquisition method would be useful for potential investors in their own valuation of entity 'A's worth of net assets. However, if an acquirer would continue to operate 'A' as it is currently operated, it may be more useful to receive information based on the predecessor method. This method would allow a potential buyer to predict future cash flows based on information of the 'A' profitability as if c1, c2 and c3 had always been held by 'A'.
- 61 The predecessor method will be less costly to apply than the acquisition method and the fresh start method.

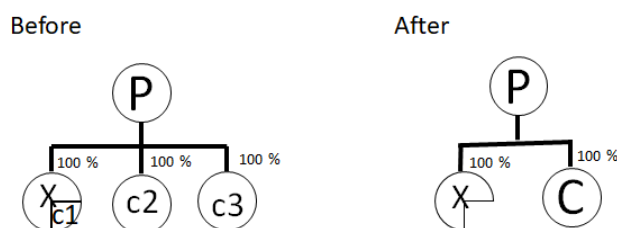
Questions for EFRAG TEG

- 62 Is EFRAG TEG of the view that when considering which method would provide the most useful information, the information needs of potential buyers of 'A' should be taken into account?
- 63 Does EFRAG TEG considers that there would be other financial statements users than those listed in paragraph 53 above that should be considered when assessing how the transfer of 'c1', 'c2' and 'c3' should be accounted for by 'A'? If so, what additional users?
- 64 Does EFRAG TEG agree with the assessments of:
- (a) the information needs of users (included in paragraphs 55 - 57 above);
 - (b) which method would best meet each of those needs (included in paragraphs 58 - 60 above); and
 - (c) which method would be least costly to apply (included in paragraph 61 above)?
- 65 Does EFRAG TEG consider that some information needs are more important to consider than others?
- 66 If EFRAG TEG considers that information from different methods of accounting for the transfer should be included in financial reports, could some information be

	provided in the notes to the financial statements? If, so which information should be included in the financial statements and which should be included in the notes?
67	Which method does EFRAG TEG think should be required by 'A' to account for the transfers of 'c1', 'c2' and 'c3'? Why?

Case 4 – Privatisation

- 68 P is the government in a country. It intends to privatise the telecommunications infrastructure, which is owned by the state. Some activities relating to the telecommunications infrastructure are incorporated as private entities (c2 and c3), however, significant and substantial portions of the telecommunications infrastructure, e.g. nearly all of the real estate property and a very large group of civil servants working for the telecommunications infrastructure, are directly controlled by a government agency (X). It is the intention to transfer all relevant assets and workforce to a new private entity (C) which will be 100% owned and controlled by the State. In a first step this newly formed entity will access the bond market for funding. Currently the State issues bond notes that are covered by the cash flows of the telecommunications infrastructure as covenant. These government bond notes are to be replaced by bonds issued by the newly formed entity. For a later point in time it is contemplated to sell shares in the telecommunications infrastructure company, ultimately surrendering government control.
- 69 The case is illustrated below:



Relevant users and their information needs

- 70 In this case, it is the accounting of the new entity 'C' of the transfer of c1, c2 and c3 that is of interest.
- 71 The EFRAG Secretariat has identified the following groups of potential users that could be affected by the transaction (in the future):
- Creditors in c1, c2 and c3 and future creditors of 'C';
 - The public;
 - Future bondholders in 'C';
 - Future shareholders in 'C'.
- 72 The EFRAG Secretariat assesses that the user groups mentioned in paragraph 71 would have the information needs described in the following paragraphs.

Creditors in c1, c2 and c3 and future creditors of 'C'

- 73 Creditors in c1, c2 and c3 would want to know whether the transfer would reduce the likelihood that their claims would be settled. A reduction in the likelihood could happen if 'C' would be higher leveraged than the previous entity in which the creditor had a claim or the new entity would be less profitable. Future creditors of 'C' would be interested in the leverage and future cash flows from C – particularly with respect to any down-side risk.

The public

- 74 The public would want information that could be useful for assessing whether the government in the future would sell bonds and shares in 'C' at a fair price.

Future bondholders in 'C'

- 75 Future bondholders in 'C' would have the same information needs as future creditors of 'C' (see paragraph 73 above)

Future shareholders in 'C'

- 76 Future shareholders of 'C' would want information that would be useful for predicting the future cash flows from 'C' and information useful for assessing the stewardship of the management of entity 'C'.

Comparison of information needs and accounting methods

- 77 Under the acquisition method (and the fresh start method) most liabilities would be measured at fair value. This might provide creditors with useful information for the scenario that 'C' had to 'settle' all its liabilities by transferring them at the time of the transfer of c1, c2 and c3. However, if the 'business model' of the various liabilities should be reflected when measuring the leverage, the predecessor method may provide more relevant information as the liabilities would then be measured using the general requirements in IFRS Standards (which for some liabilities will reflect how they normally are to be settled).
- 78 The EFRAG Secretariat assesses that if the issuance of bonds and shares in 'C' would happen shortly after c1, c2 and c3 would have been transferred to 'C', the acquisition method (or the fresh start method) would result in these being measured at an amount close to fair value. This measurement could be useful to assess whether shares would be sold at a fair price. However, in the example, it is expected that there would be a time lag between the transfers to 'C' and the issuance of bonds and shares. The acquisition method accordingly becomes less relevant for this purpose. The information resulting from the acquisition method (or the fresh start method) would also be less useful if the information cannot be determined sufficiently reliably and as fair value for some assets and liabilities would be determined based on level three fair value estimations.
- 79 If the operation of 'C' will be unaffected by the transfer, the EFRAG Secretariat assesses that the predecessor method will provide the most relevant information for predicting future cash flows. The predecessor method will allow comparative figures and be based on the normal mixed measurement model included in IFRS Standards, which EFRAG has assessed provide more relevant information for predicting future cash flows than if all assets and liabilities are measured at fair value. Immediately after the transfer, the measurement at fair value under the acquisition method may make it easier to assess whether the assets of 'C' are used in the best manner. However, the assessment of stewardship by considering the margins reported in profit or loss with previous reported margins seems only possible under the predecessor method.
- 80 The predecessor method will also be less costly to apply than the acquisition method.

Questions for EFRAG TEG

- 81 Is EFRAG TEG of the view that when considering which method would provide the most useful information, the information needs of potential future holders of bonds and shares in 'C' should be taken into account – even if it is uncertain whether 'C' will issue bonds and shares in the future?
- 82 Does EFRAG TEG considers that there would be other users than those listed in paragraph 71 above that should be considered when assessing how the transfer of 'c1', 'c2' and 'c3' should be accounted for by 'C'? If so, what additional users?
- 83 Does EFRAG TEG agree with the assessments of:
- (a) the information needs of users (included in paragraphs 73 - 76 above); and
 - (b) which method would best meet each of those needs (included in paragraphs 77- 79 above)
 - (c) which method would be least costly to apply (included in paragraph 80 above)?
- 84 Does EFRAG TEG consider that some information needs are more important to consider than others?
- 85 If EFRAG TEG considers that information from different methods of accounting for the transfer should be included in financial reports, could some information be provided in the notes to the financial statements? If, so which information should be included in the financial statements and which should be included in the notes?
- 86 Which method does EFRAG TEG think should be required by 'C' to account for the transfers of 'c1', 'c2' and 'c3'? Why?