

# The Features and Issues of the Revised IFRS No. 3 “Business Combinations”

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The purpose of this paper is to examine the issues of the revised IFRS No. 3 “Business Combinations” that is published in 2008. The IASB permitted the alternative method relating to the measurement of non-controlling interest at the fair value in IFRS No.3. This also influence on calculating the amount of goodwill. The IASB permitted the selection between a full goodwill model or a partial goodwill model. The IASB and the FASB published the Exposure Draft and the Discussion Paper about a conceptual framework. These pronouncements proposed that they would adopt the entity concept as a reporting entity. Then the full goodwill model is consistent with the entity concept. On the other hand the full goodwill model has many problems in the process of the fair value measurement of

the non-controlling interests, while it is desirable that the accounting standard is regulated in accordance with the accounting theory. The reliability of accounting information has to be considered in the accounting standard-setting process. We concluded that the IASB has to reconsider to set a single method for measuring the non-controlling interests. The objective of the international convergence of accounting standards is to set an accounting procedure for an accounting event. The IASB has insisted on that this contributes to the comparability of financial statements globally. The accounting standards-setting process must not be politically compromised for the achievement of the convergence of accounting standards by the IASB.