IFRS - 3

Business Combinations

By: http://www.WorldGAAPInfo.com

Objective

1. The purpose of this IFRS is to specify to disclose financial information by an entity when carrying out a business combination. In particular, specifies that all business combinations be accounted for using the method of acquisition. Depending on the same, the acquiring institution will recognize the assets, liabilities and contingent liabilities of the entity acquired identifiable by their fair values at the date of acquisition and also recognize the goodwill which will be subject to tests to detect any deterioration in their value, rather than amortized.

Scope

2. Except as described in paragraph 3, entities apply when the IFRS accounting business combinations.

3. This IFRS 3 shall not apply to:

   (a) Business combinations in which separate business entities or combine to form a joint venture.

   (b) Business combinations between entities or businesses under common control.

   (c) On Business Combinations involving two or more mutual status.

   (d) Business combinations in which, through a contract, separate entities or businesses are combined to form only a reporting entity, but without obtaining any ownership (for example, combinations in which separate entities are combined by midst of a contract to build a society with two securities traded).

Identification of a business combination

4. A business combination is the union of separate entities or businesses into one reporting entity. The result of almost every business combinations is that an entity, the acquirer, you get control of one or more different businesses, entities acquired. If an entity gained control of one or more entities that are not business, the meeting of these entities will not be a business combination. When an entity acquires a group of assets or net assets that do not constitute a business, will distribute the costs among the group's assets and liabilities identifiable individual within the group, based on the fair values of the same on the date of acquisition.

5. A business combination may be structured in different ways for legal reasons, fiscal or otherwise. It may involve the purchase by an entity, net worth of another entity, or the

purchase of all of its net assets, or the assumption of the liabilities of another entity or purchasing some of the net assets of another entity, which together form one or more businesses. It can be implemented through the issuance of equity instruments, transfer cash, or cash or other assets, or a combination of the above. The transaction can take place between the shareholders of the entities involved in or combination between an entity and the shareholders of the other. It may involve the establishment of a new entity that controls the combined entities or net assets transferred, or the restructuring of one or more entities are combined.

6. A business combination may result in a dominant relationship - dependent, in which the acquiring institution is the dominant, and gained a dependent one. Under these circumstances, the purchaser will apply the IFRS in its consolidated financial statements. In the separate financial statements, if any, broadcast, including his participation as an investment in a dependent (see IAS 27 Consolidated Financial Statements and separated).

7. A business combination may involve the acquisition of net assets of another entity, including goodwill, instead of purchasing equity of the same. In this case, the combination will not result in a dominant relationship - dependent.

8. are included in the definition of business combination, and therefore fall within the scope of the IFRS, combinations in which an entity obtains control of another, but the date of gaining control (i.e. the date of acquisition) Does not coincide with the date or dates of acquisition of ownership (i.e. the date or dates of exchange). This situation could occur, for example, when the entity in which it has invested hold stock repurchase agreements with some of its investors, and as a result, change the control of that entity.

9. This IFRS accounting does not specify that it make to members who hold interests in joint ventures (See IAS 31 Investments in joint ventures).

Business combinations between entities under common control

10. A business combination between entities under common control or business is a business combination, in which all entities or businesses that are combined are controlled, ultimately, by the same party or parties, both before and after they take place the combination and this control is not transitory.

11. Shall be deemed to a group of individuals control an entity where, under contractual agreements, collectively have the power to direct its policies and financial exploitation, in

order to derive benefits from its activities. Therefore, a combination of business is outside the scope of the IFRS when the same group of individuals has, as a result of contractual agreements, ultimately the collective power to direct the financial policies and operation of each of the combined entities, So that profits from their activities and that collective power ultimately do not have a transitional measure.

12. An entity can be controlled by an individual or a group of individuals acting together under a contractual agreement, and that person or group of persons cannot be subject to financial reporting requirements of IFRS. Therefore, to consider a business combination involving entities under common control, it is not necessary for the combined entities are included within the same consolidated financial statements from the business combination.

13. The proportions of minority interests in each of the combined entities, before and after the business combination, are not relevant to determine whether it involves entities under common control. Likewise, the fact that some of the combined entities is a dependent excluded from the group's consolidated financial statements in accordance with IAS 27, will not be relevant in determining whether the combination involving entities under common control.

Method of accounting

14. All business combinations are accounted for using the method of acquisition.

15. The method provides for the purchase business combination from the perspective of the merged entity that is identified as acquiring institution. The buyer will purchase the net assets and recognize the assets acquired liabilities and contingent liabilities assumed, including those previously unrecognized by the acquired entity. The valuation of assets and liabilities of the acquirer will not be affected by the transaction, nor does it recognize additional assets or liabilities of the purchaser as a result of the transaction, since they are not subjects on which it rests.

Application of the method of acquisition

16. The application of the method of acquisition involves the following steps:

(a) identification of the acquiring institution;

(b) valuation of the cost of the business combination;

(c) distribution, on the date of acquisition, the cost of business combination between the assets acquired and liabilities assumed and contingent liabilities.

Identification of the acquiring institution

17. **Purchaser is an entity identified in all business combinations. The purchaser is the combined entity that obtains control of other businesses or entities involved in the mix.**

18. Since the method of acquisition includes the business combination from the perspective of the acquiring institution, assumes that one of the parties involved in the transaction can be identified as the acquirer.

19. Control is the power to direct the financial and operating policies of an entity, in order to derive benefits from its activities. It is presumed that a combined entity has gained control of another entity which is party to the combination, when buying more than half the voting power of that other entity unless it can be shown that such ownership does not constitute control. Even if that one of the combined entities does not acquire more than half the voting power of another, could have gained control of that other entity if, as a result of the combination provides:

    (a) power over more than half of the voting rights, under an agreement with other investors;

    (b) has the power to direct the financial and operating policies of the entity, according to a statutory provision, statute or by some kind of agreement;

    (c) has the power to appoint or remove a majority of board members or governing body equivalent, or

    (d) able to cast the most votes at meetings of the board of directors or governing body equivalent.

20. Although at times it can be difficult to identify an entity acquiring, generally there are indications that reveal its existence. For example:

    (a) if the fair value of one of the combined entities is significantly greater than that of the other combined entity, it is likely that the purchaser is the largest fair value;

    (b) if the business combination is effected through a regular exchange of instruments of heritage with voting rights, for cash or other assets, it is likely that the purchaser is an entity that delivers cash or other assets;

    (c) if the business combination would result in the direction of one of the combined entities will be able to control the selection of the management team of the combined entity resulting, it is likely that the entity whose address is capable of exercising this control is the purchaser.

21. In a business combination is effected through the exchange of shares in equity, the entity that carries out the issuance of those shares will normally be the acquirer. However, in determining which of the combined entities have the power to direct the financial and operating policies of another entity (or entities), in order to derive benefits from its activities, is considered all relevant facts and circumstances. In certain business combinations, commonly known as reverse acquisitions, the acquirer is the entity whose shares in equity have been acquired, and the entity that emits is gained. This might be the case when, for example, an entity not quoted agreed that going to be 'acquired' by a smaller listed entity, with the aim of achieving listing on a stock exchange. Although from the legal standpoint, the entity that issued the shares, was regarded as dominant as the institution is not listed as a dependent, the dependent 'legal' will be the acquirer if you have the power to direct the political and financial base of the Dominant 'legal', so that profits from their activities. Usually, the purchaser is the largest entity, but the facts and circumstances surrounding the combination indicate, sometimes, the smallest entity is acquiring the mayor. Paragraphs B1 to B15 from Appendix B contain guidelines on accounting for acquisitions reverse.

22. When setting up a new entity in order to render the equity instruments to carry out a business combination, will identify one of the combined entities that existed prior to the combination as the acquirer, based on the evidence available.

23. Likewise, when a business combination involving more than two merged entities, including one that existed prior to the combination, identified as the acquirer, on the basis of available evidence. The determination of the acquirer in these cases involve, inter alia, which of the combined entities began the combination, and if the amount of assets or regular income from one of the combined entities significantly exceed those of the others.

Cost of business combination

24. **The acquiring institution will assess the cost of business combination as the sum of:**

    (a) fair values at the date of exchange of assets handed over, liabilities incurred or assumed and equity instruments issued by the purchaser in exchange for control of the entity acquired; more

    (b) any costs directly attributable to the business combination.

25. The date of acquisition is one in which the acquiring institution actually gets control over the acquired entity. When this is achieved by a single exchange transaction, the date of exchange will coincide with the date of acquisition. However, a business combination may require more than one exchange transaction, for example when carrying out in

stages, through successive purchases of shares. When this occurs:

(a) the cost of the combination is the sum of the cost of individual transactions;

(b) the date of exchange will be to each of the exchange transactions (i.e., the date on which each individual investment is recognized in the financial statements of the acquirer), while the date of acquisition is one where the purchaser obtains control over the foreground.

26. Paragraph 24 states that both the assets provided as liabilities incurred or assumed by the acquiring institution, in exchange for control of the entity acquired are valued by their fair values at the date of exchange. So when deferment of the liquidation of all or part of the cost of a business combination, the fair value of the deferred component will be determined by discounting the amounts payable to calculate their present value at the date of exchange, taking into account any premium or discount at which probably incurred during the liquidation.

27. On the date of exchange, the published price of an equity instrument quoted, provides the best evidence of its fair value and, hence, is that used, except in rare circumstances. It considered other evidence and valuation methods only in rare circumstances, where the acquiring institution can demonstrate that the published price quotation on the date of exchange is an unreliable indicator of fair value, and that other evidence and methods assessing provide a more reliable measure of fair value of the instrument. The published price quotation on the date of exchange will not be a reliable indicator only when their training has been affected by the narrowness of the market. If the published price quotation on the date of exchange, is an indicator unreliable or did not exist for equity instruments issued by the acquiring institution, the fair value of these could, for example, estimated by reference to their proportionate share in the fair value of the acquiring institution or its proportionate share in the fair value of the acquired entity, whichever of the two is most clearly evident. The fair value at the date of exchange of monetary assets handed over to holders of equity instruments acquired, as an alternative to equity instruments, can also provide evidence of reasonable total value delivered by the purchaser in exchange control in the foreground. In any event, shall be considered all aspects of the combination, including factors that have had significant influence on the negotiations. In IAS 39 Financial Instruments: Recognition and Measurement provides further guidance in determining the fair value of equity instruments.

28. The cost of the business combination will include liabilities incurred or assumed by the acquiring institution in exchange for control of the acquiree. The future losses or other costs that are expected to incur as a result of the combination, will not be liabilities incurred or assumed by the buyer in exchange for control of the learned and, therefore,

not be included as part of the cost of the combination.

29. The cost of business combination will include any costs directly attributable to the combination, as the fees paid to accountants, attorneys, appraisers and other consultants to carry out the combination. By contrast, is not included in the cost of the combination, nor the cost of general administration, which includes the costs of maintaining the department of acquisitions, or other costs that cannot be directly attributed to this combination in particular, all these costs are recognized as an expense in the year which incurred.

30. The costs of hiring and issuance of financial liabilities shall constitute an integral part of the transaction emission liabilities, even when liabilities are issued to effect the business combination, rather than costs directly attributable to the combination. Therefore, entities not include these costs in the cost of business combination. In accordance with IAS 39, these costs will be included in the initial assessment of liability.

31. Likewise, the costs of issuance of equity instruments are an integral part of the transaction emission heritage, even if those instruments have been issued to carry out the business combination, rather than being directly attributable to costs combination. Therefore, entities not include these costs in the cost of business combination. In accordance with IAS 32, Financial Instruments: Disclosure and Presentation these costs were deducted from the amount obtained in the issuance of capital.

Adjustments to the cost of a business combination for contingencies arising from future events

32. Where a business combination agreement incorporates some adjustment to the cost of the combination that depend on future events, the acquiring institution include the amount of the adjustment in the cost of the combination, the acquisition date, provided that the adjustment is likely and could be valued reliably.

33. A business combination agreement may provide for adjustments to the cost of it that are contingent, depending on one or more future events. The adjustment contingent could, for example, depend on achieving or maintaining a specific level of results in future periods, or to maintain the market price of the instruments that have been cast. Normally, it is possible to estimate the amount of any adjustments during the initial counting of the combination, without harming the reliability of the information, although there is some degree of uncertainty. If events do not occur or would be revised estimates, adjusted the cost of business combination under the new circumstances.

34. However, if the agreement of a business combination provides for such adjustments and, at the time of the initial counting, it is likely their occurrence or could not assess reliably, will not be included in the cost of the combination. If, then, that adjustment will become likely and could be reliably assess the additional amount is treated as an

adjustment to the cost of the combination.

35. In some circumstances, the acquiring institution may be required to make subsequent payments to the seller as compensation for a reduction in the value of assets handed over, of the equity instruments issued or liabilities incurred or assumed by the buyer in exchange control in the foreground. This is the case, for example, when the purchaser guaranteed the market price of the instruments of equity or debt securities issued as part of the cost of the business combination, so that is bound to issue equity instruments or additional debt To achieve the cost originally given. In these cases, not recognize any increase in the cost of business combination. In the case of equity instruments, the fair value of the additional payments will be offset by an equivalent reduction in the value of instruments issued initially. In the case of debt instruments, the additional payment will be considered as a reduction in the premium or as an increase in the discount from the initial broadcast.

Distribution of the cost of a business combination between the assets acquired and liabilities assumed and contingent liabilities

36. **The acquiring institution circulated on the date of acquisition, the cost of business combination, through recognition by their fair values, including assets, liabilities and contingent liabilities of the acquired identifiable that meet the criteria for recognition of paragraph 37 Except in the case of non-current assets (or groups disposition of elements) which are classified as held for sale, according to IFRS 5 Non-current assets held for sale and discontinued operations, which are recognized at fair value less selling costs. Differences between the cost of the business combination and the acquiring institution's participation in the fair value of net assets, liabilities and contingent liabilities recognized as identifiable, are accounted for in accordance with paragraphs 51 to 57.**

37. **The acquiring institution recognized separately assets, liabilities and contingent liabilities of the acquired identifiable on the date of acquisition, only if the following conditions on that date:**

(a) in the case of an asset other than an intangible asset, whether it is likely that the purchaser receives the future economic benefits associated with it, and its fair value can be measured reliably;

(b) in the case of a non-contingent liabilities, if it is likely that the outflow of resources to settle the obligation incorporate economic benefits, and their fair value can be measured reliably;

(c) in the case of an intangible asset or a contingent liability, if their fair values can be measured reliably.

38. In the bottom of the acquiring institution will incorporate the results of the acquired from the date of acquisition, through the inclusion of income and expenditure of the same, based on the cost that the business combination has led to the acquirer. For example, spending by depreciation of the depreciable assets acquired, after the date of acquisition, will be included in the profit and loss account of the purchaser shall be based on the fair values of the depreciable assets at the date of acquisition, i.e., its cost to the acquiring institution.

39. Applying the method of acquisition will begin from the date of acquisition, which is one date on which the acquiring institution actually gets control over the foreground. Because control is the power to direct the financial and operating policies of an entity or business, in order to derive benefits from its activities, it is not necessary for the transaction is closed or legally completed to the acquiring institution obtains control. In assessing when the acquiring institution has gained control, was considered all the facts and circumstances surrounding the business combination.

40. Since the acquiring institution will recognize the assets, liabilities and contingent liabilities of the acquired identifiable that meet the criteria for recognition of paragraph 37, by their fair values at the acquisition date, any minority interest in the acquired will be assessed according to the proportion they represent in the net fair value of these items. Paragraphs B16 and B17 from Appendix B contains guidelines for determining the fair values of assets, liabilities and contingent liabilities of the entity acquired identifiable, in order to make the distribution of the cost of the business combination.
Identifiable assets and liabilities of the acquired entity

41. In accordance with paragraph 36, the acquiring institution recognized separately as part of the distribution of the cost of the business combination, only the assets, liabilities and contingent liabilities of the acquired identifiable, existing at the date of acquisition, and that satisfy the conditions for recognition of paragraph 37. Therefore:

(a) the acquiring institution recognized as part of the distribution of the cost of the combination, or reduce liabilities to complete the activities of the acquired only when it takes on the date of acquisition, a pre-existing liabilities by restructuring, recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and

(b) the acquiring institution, to distribute the costs of the combination, will not recognize liabilities for future losses or other costs they expect to incur as a result of the business combination.

42. A payment that the entity is required to perform under a contract, for example, its employees or suppliers in the event that is acquired through a business combination, this will be an obligation of the entity, which will be considered as a contingent liability until it is probable that the business combination is to take place. The contractual obligation will be recognized as a liability by that entity, in accordance with IAS 37, when

the business combination is likely and liabilities could be valued in a reliable manner. Therefore, when conducting the business combination, the liabilities of the acquired entity will be recognized by the purchaser as part of the distribution of the cost of the combination.

43. However, a plan to restructure the acquired entity, whose implementation is conditional on the fact that it is acquired through a combination of business, is not, immediately before the combination takes place, a present obligation of the acquiree. This plan also is a contingent liability of the acquiree, immediately before the combination, because this is not an obligation possible, which stems from a past event whose existence will be confirmed only by the occurrence or not of one or more uncertain future events that are not totally under the control of the acquiree. Therefore, the acquiring institution will not recognize any liability for such restructuring plans as part of the distribution of the cost of the combination.

44. Identifiable assets and liabilities that are recognized in accordance with paragraph 36, include all assets and liabilities of the entity which acquired the acquirer has bought or taken, including all its assets and its liabilities. These elements may be included assets and liabilities that have not previously been recognized in the financial statements of the learned, for example because they do not meet the conditions for recognition prior to the acquisition. For example, a tax deduction from tax losses of the acquired entity, which has not been recognized by the same before the business combination, comply with the conditions for its recognition as an asset identifiable, in accordance with paragraph 36, if it is likely that the acquiring institution will have in future revenues to be applied against the tax deduction for unrecognized.

Intangible assets of the acquired entity

45. In accordance with paragraph 37, the purchaser will recognize, separately, an intangible asset of the entity acquired at the date of acquisition only if it meets the definition of an intangible asset of IAS 38 Intangible Assets and its fair value can be measured reliably. This means that the acquiring institution recognized as a separate asset of goodwill, research and development projects acquired in the course, provided they meet the definition of an intangible asset and its fair value can be measured reliably. IAS 38 establishes guidelines for determining when you can reliably measure the fair value of an intangible asset acquired in a business combination.

46. A non-monetary asset without physical appearance should be identifiable to meet the definition of an intangible asset. In accordance with IAS 38, an asset meets the criterion of identifiability, included in the definition of an intangible asset, only if:

(a) is separable, i.e. likely to be separated or splinter of the entity and sold, transferred, since in operation, leased or exchanged, either individually or together with the contract, asset or liability in connection with, or

(b) arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separable from the body or other rights or obligations.

Contingent liabilities of the acquired entity

47. Paragraph 37 states that the acquiring institution recognizes separate contingent liabilities of the acquired as part of the distribution of the cost of a business combination only if it's fair value can be measured reliably. If this fair value cannot be determined in a reliable manner:

(a) produce an effect on the amount recognized as goodwill or accounted for in accordance with paragraph 56;

(b) the acquiring institution discloses information on the contingent liability that determines as per IAS 37.

In paragraph (I) of paragraph B16 Appendix B sets out guidelines for determining the fair value of a contingent liability.

48. **After his initial recognition, the acquiring institution will assess contingent liabilities, which recognized separately in accordance with paragraph 36, the highest value of:**

(a) the amount that would have been recognized in accordance with IAS 37, and

(b) the amount initially recognized less, if any, accumulated depreciation recognized in accordance with IAS 18 Revenue.

49. The requirement of paragraph 48 does not apply to contracts recorded in accordance with IAS 39 Financial Instruments: Recognition and Measurement. However, the commitments of credit excluded from the scope of IAS 39, other than commitments to provide loans at interest rates below the market, shall be treated as contingent liabilities of the acquired entity if at the date of acquisition, not likely to prove, to settle the obligation, will require an outflow of resources embodying economic benefits or the amount of the obligation cannot be assessed reliably. This commitment credit will be recognized as separate as part of the distribution of the cost of the business combination, according to paragraph 37, only if it's fair value can be measured reliably.

50. Contingent liabilities recognized separately as part of the distribution of the cost of a business combination, are excluded from the scope of IAS 37. However, the acquiring institution disclose, in relation to such contingent liabilities, the information required by

IAS 37 for each class of supplies.

Goodwill

51. The acquiring institution, the date of acquisition:

(a) recognized as asset goodwill acquired in business combination;

(b) initially assess this goodwill by its cost, being the excess cost of the business combination on the participation of the acquirer in the fair value of net assets, liabilities and contingent liabilities identifiable which recognized in accordance with Paragraph 36.

52. The goodwill acquired in a business combination represents a payment made by the purchaser as a foretaste of future economic benefits of the assets which could not be identified and recognized separately.

53. To the extent that the assets, liabilities or contingent liabilities of the entity acquired identifiable not meet on the date of acquisition, paragraph 37 of the criteria for recognition separately, there will be an effect on the amount recognized as goodwill (or accounted for in accordance with paragraph 56). This is because the goodwill is measured as the residual cost of the business combination, after recognizing the assets, liabilities and contingent liabilities of the acquired entity.

54. **After initial recognition, the acquiring institution will assess the goodwill acquired in business combination for the cost less impairment losses accumulated value.**

55. Are not amortized goodwill acquired in a business combination. Instead, the acquiring institution will analyze the deteriorating value annually or more frequently if events or changes in circumstances indicate that its value could suffer deterioration in accordance with IAS 36 Impairment of Assets.

Excess of the acquiring institution's participation in the fair value of net assets, liabilities and contingent liabilities of the acquired identifiable on the cost

56. **If the acquiring institution's participation in the fair value of net assets, liabilities and contingent liabilities identifiable, recognized in accordance with paragraph 36, exceeding the cost of business combination, the acquirer:**

(a) reconsider the identification and valuation of assets, liabilities and contingent liabilities identifiable from the purchaser, as well as the valuation of the cost of the combination;

(b) immediately recognized in profit or loss, any excess that continues to exist after the previous review.

57. A profit recognized in accordance with paragraph 56 could include one or more of the following components:

(a) errors in measuring the fair values of the cost of the combination or the assets, liabilities and contingent liabilities of the entity acquired identifiable. Possible future costs from the acquired entity, which have not been properly reflected in the fair value of assets, liabilities and contingent liabilities of the same identifiable, could also be a potential cause of these errors.

(b) The requirement established in an accounting standard, to assess the identifiable net assets acquired by an amount other than its fair value, but is treated as such fair value for the purposes of distribution of the cost of the combination. For example, the guidelines of Appendix B, on the determination of the fair values of identifiable assets and liabilities of the acquired entity, which requires not deduct the amount allocated to assets and tax liabilities.

(c) A purchase on very advantageous terms.

Business Combinations undertaken in stages

58. A business combination may involve more than one exchange transaction, for example when it occurs through successive purchases of shares. If this happens, each exchange transaction will be treated as separate transactions by the acquiring institution, using information on the cost of the transaction and the fair value at the date of each exchange to determine the amount of any goodwill associated with the transaction. This will perform at each step, a comparison between the cost of investments and participation by the purchaser in the fair values of assets, liabilities and contingent liabilities of the entity acquired identifiable.

59. Where a business combination transaction involving more than one exchange, the fair values of assets, liabilities and contingent liabilities acquired identifiable entity may differ on the dates of each transaction exchange. Because of that:

(a) the assets, liabilities and contingent liabilities acquired identifiable entity was restated as their fair values at the date of each transaction exchange, in order to determine the amount of goodwill associated with each transaction;

(b) assets, liabilities and contingent liabilities of the acquired identifiable must be recognized by the acquiring institution by their fair values at the date of acquisition, any adjustments to such fair values related to the involvement of the previous purchaser is a revaluation, and accounted for as such. However, since this initial revaluation stems from the recognition, by the acquiring institution, assets, liabilities and contingent liabilities of the acquired identifiable, not imply that the purchaser has chosen to apply an accounting policy revaluation of these items after the initial recognition , For example by following IAS 16 Property, plant and equipment.

60. Before being considered as a business combination, a transaction can qualify as investment in a partner and accounted for under the equity method, in accordance with IAS 28 Investments in associates. If so, the fair values of identifiable net assets of the entity in which it invested, on the date of each of the previous exchange transactions, are predetermined by applying the equity method to that investment.

Accounting initial determined on a provisional basis

61. The initial accounting of a business combination involves identifying and determining the fair values assigned to assets, liabilities and contingent liabilities acquired identifiable entity, as well as the cost of the combination.

62. If the initial accounting of a business combination could be determined only on an interim basis, at the end of the year in which it takes place, either because the fair values that have been allocated to the assets, liabilities and contingent liabilities of the entity acquired identifiable or the cost of the combination could be determined only provisionally, the acquiring institution accounted for the combination using those values provisional. The purchaser will recognize, for the purpose of completing the initial accounting, any adjustment to be made on these provisional values:

(a) Within twelve months of the date of acquisition and

(b) From the date of acquisition. Therefore:

(i) The carrying amount of assets, liabilities and contingent liabilities identifiable, as are accorded to complete or adjust the initial counting, is calculated as if its fair value at the date of acquisition has been recognized on that date.

(ii) The goodwill or any gain recognized in accordance with paragraph 56 will be adjusted with effect from the date of acquisition by an amount equal to the fair value adjustment to take on that date, assets, liabilities or contingent liabilities identifiable being recognized or adjusted.

(iii) The comparative information presented for prior periods of time to complete the initial counting of the combination, will be presented as if it had been completed on the date of acquisition. This includes both additional depreciation, like any other effect recognized in profit or loss as a result of completing the initial counting.

Adjustments after the moment of completing the initial counting

63. Except in cases treated in paragraphs 33, 34 and 65, adjustments to the initial counting of a business combination carriers after that initial counting has been completed, are recognized as bug fixes, according to IAS 8 Accounting policies, changes in accounting estimates and errors. The adjustments to the initial counting of a business combination, after it is completed, shall not be regarded as changes in estimates. In accordance with IAS 8, the effect of a change in estimates will be recognized in the current financial year and in future.

64. IAS 8 requires that the entity counted the correction of an error retroactively, and to submit financial statements as if the error had not ever occurred, through the restatement of comparative information for the financial year or previous years in which made the mistake. Therefore, the carrying amount of an asset, liability or contingent liability of the entity acquired identifiable, it has been recognized or adjusted as a result of the correction of an error is calculated as if the fair value or fair value adjusted in the acquisition date, had been identified at that time. The goodwill or gain recognized in a prior period, in accordance with paragraph 56, will be adjusted retroactively by an amount equal to fair value at the date of acquisition (or adjustment to fair value at the date of acquisition) of assets , Liabilities or contingent liabilities identifiable recognized (or adjusted).

Recognition of deferred tax assets after completing the initial counting

65. If the potential benefit of tax losses, which acquired the entity has the right to compensate in the future, or other deferred tax assets fail to meet the criteria in paragraph 37 for recognition separately when initially reckoned the business combination, but was subsequently subject to completion, the acquiring institution recognize that profit as income in accordance with IAS 12 Income Taxes. In addition, the purchaser:

(a) reduce the carrying amount of goodwill for the amount that would have been recognized in the event that the deferred tax asset had been recognized as an asset identifiable from the date of acquisition and

(b) recognize the reduction in the carrying amount of goodwill as an expense. However, this procedure will not result in the creation of an excess as described in paragraph 56, nor may increase the amount of gains previously recognized in accordance with that paragraph 56.

Disclosure

66. **The acquiring institutions disclose information that enables users of its financial statements to assess the nature and financial effects of business combinations**

that has made:

(a) During the exercise.

(b) After the balance sheet date but before the financial statements have been made.

67. In order to implement the principle contained in paragraph (a) of paragraph 66, the acquiring institutions disclose, for each of the business combinations that has made during the year, the following information:

(a) The names and descriptions of entities or businesses combined.

(b) The date of acquisition.

(c) The percentage of equity instruments with voting rights acquired.

(d) The cost of the combination, and a description of the same components, which include the costs directly attributable to the combination. When you have issued or issued equity instruments as part of that cost should also disclosed the following information:

(i) The number of equity instruments that have been issued or may issue;

(ii) The fair value of such instruments as well as the basis for determining the fair value. Without a price for those instruments issued on the date of exchange, be disclosed significant assumptions used in determining the fair value. If there is a price published on the date of exchange, but had not been used as the basis for determining the cost of the combination, it disclose that fact, together with the reasons for not using the published price, the method and assumptions used for significant assign a value to the instruments of equity, and the total amount of the difference between the value of these instruments and their net worth published price.

(e) Details of holdings that the entity has decided to sell or dispose of them by another source, as a result of the combination.

(f) The amounts recognized on the date of acquisition, for each class of assets, liabilities and contingent liabilities of the acquired entity and, unless it was impractical to include this information, the carrying amounts of each of the previous classes, determined in accordance with IFRS, immediately before the combination. If it is impractical to disclose this information was disclosed this fact, together with an explanation of the reasons.

(g) The amount of any excess recognized in profit or loss in accordance with paragraph 56, along with the initialing of the income statement in which it has recognized this excess.

(h) A description of the factors that have contributed to the cost that has resulted in the recognition of a goodwill-a description of each of intangible assets that have not been recognized separately from goodwill, along with a explanation of why the fair value of intangible assets could not be measured reliably-or, where applicable, a description of the nature of any excess recognized in profit or loss in accordance with paragraph 56.

(i) The amount of profit or loss contributed by the acquired entity from the date of acquisition to result from the exercise of the purchaser, unless it is impracticable to disclose this information. In if impracticable to disclose this information, this fact will be subject to disclosure, together with an explanation of the reasons.

68. The information required by paragraph 67 be disclosed in aggregate for business combinations, made during the reporting, which individually lack of relative importance.

69. If the initial accounting of a business combination during the year had been given only on an interim basis, as described in paragraph 62, will disclose that fact along with an explanation of the reasons.

70. In order to implement the principle contained in paragraph (a) of paragraph 66, the acquiring institution disclose, unless it is impractical, the following information:

(a) ordinary income of the entity resulting from the combination of exercise, as if the date of acquisition of all business combinations during the exercise had been at the beginning of it.

(b) The result of the exercise of the entity resulting from the combination, as if the date of acquisition of all business combinations during the exercise would have been the very outset.

If the disclosure of this information was impractical, it would reveal this fact, together with an explanation of the reasons.

71. In order to implement the principle contained in paragraph (b) of paragraph 66, the purchaser shall disclose the information required by paragraph 67 for each of the business combinations made after the balance sheet date, but before the financial statements are made, unless such disclosure is unworkable. If it is impractical to disclose any part of this information, disclose that fact, together with an explanation of the reasons.

72. **The acquiring institution disclose information that enables users of its financial statements to assess the effects of financial losses, gains, bug fixes and other adjustments, recognized during the current financial year, which relate to business combinations that had been made in the current financial year or earlier.**

73. In order to implement the principle contained in paragraph 72, the acquiring institution disclose the following information:

(a) The amount and an explanation of any gain or loss recognized in the current financial year that:

(i) relate to the identifiable assets acquired and liabilities or contingent liabilities assumed identifiable in a business combination that has been made in the current financial year or at an earlier and

(ii) having a magnitude, nature or impact that such disclosure is relevant to understanding the financial performance of the entity.

(b) If the initial accounting for a business combination that took place in the immediately preceding year, was determined only provisionally at the end of that period, figures and explanations of adjustments to the provisional values recognized during the current financial year.

(c) Information on the bug requires the disclosure of which IAS 8, in relation to any of the assets, liabilities or contingent liabilities of the identifiable entity acquired, or on changes in the values assigned to these items, that the acquirer has recognized during the current financial year in accordance with paragraphs 63 and 64.

74. **An entity shall disclose information that enables users of its financial statements to evaluate changes in the carrying amount of goodwill during the year.**

75. In order to implement the principle contained in paragraph 74, the entity shall disclose the reconciliation of the carrying amount of goodwill between the beginning and the end of the year, showing separately:

(a) the gross amount of it and impairment losses accumulated value at the beginning of the year;

(b) the additional goodwill recognized during the period, with the exception of goodwill that has been included in a group alienable elements that, at the time of acquisition, meets the criteria for classification as held for sale, according to IFRS 5;

(c) the adjustments that come from the subsequent recognition of deferred tax assets made during the year, in accordance with paragraph 65;

(d) goodwill alienable included in a group of elements that have been classified as held for sale, according to IFRS 5, as well as goodwill discharged during the period without previously been included in alienable any group of items classified as held for sale;

(e) impairment losses recognized the value during the year, according to IAS 36;

(f) net exchange differences arising during the period, according to IAS 21 Effect of changes in exchange rates of foreign currencies;

(g) any other changes in the carrying amount during the year, and

(h) the gross amount of goodwill and impairment losses accumulated value at year-end.

76. The entity shall disclose, as well as information required by paragraph (e) of paragraph 75, information on the amount recoverable and the deterioration of the value of goodwill required by IAS 36.

77. If there is a situation where information whose disclosure required by this IFRS, fail to meet the objectives set out in paragraphs 66, 72 and 74, the entity shall disclose additional information beyond that required to meet those objectives.

Transitional and effective date

78. Except as provided in paragraph 85, the IFRS will be applied in accounting for business combinations in which the date of the agreement is from March 31, 2004. This also applies IFRS in accounting:

(a) of goodwill arising in a business combination whose date of the agreement is from March 31, 2004, or

(b) any excess of the acquiring institution's participation in the fair value of net assets, liabilities and contingent liabilities identifiable on the cost of a business combination whose date of the agreement is from March 31, 2004.

Goodwill previously recognized

79. The entity shall apply the IFRS on a prospective basis, since the beginning of the first financial year beginning on or after March 31, 2004, the goodwill acquired in a business combination whose date of the agreement is before March 31, 2004 As well as the goodwill that arising from participation in an entity controlled jointly which has been obtained before March 31, 2004, and has been accounted for using the method of

proportional consolidation. Therefore, the entity:

(a) cease to amortize the goodwill from the beginning of the first financial year beginning on or after March 31, 2004;

(b) remove the carrying amount of accumulated depreciation on reducing goodwill, early in the first year beginning on or after March 31, 2004;

(c) check the deterioration of the value of goodwill, in accordance with IAS 36 (revised 2004) since the beginning of the first financial year beginning on or after March 31, 2004.

80. If the entity had previously recognized goodwill as a deduction from equity, will not recognize the amount of it in profit or loss when available or otherwise disposed towards all or part of the business that relates to this goodwill, or the value when the cash-generating unit to which he is associated suffer a deterioration of value.

Difference negative goodwill previously recognized

81. Upon launching the first financial year beginning on or after March 31, 2004, will be low, practicing a corresponding adjustment in the opening balance of earnings, the carrying amount of negative goodwill that came from:

(a) a business combination whose date of the agreement out prior to March 31, 2004, or

(b) an equity interest in a jointly controlled entity that would have been obtained before March 31, 2004, and accounted for using the proportional consolidation.

Intangible assets previously recognized

82. The carrying amount of an item classified as an intangible asset that:

(a) was acquired in a business combination whose date of the agreement out prior to March 31, 2004, or

(b) appropriate to participate in a jointly controlled entity that would have been obtained before March 31, 2004, and accounted for using the proportional consolidation be reclassified as goodwill to the first year, beginning on March 31, 2004, if that intangible asset does not comply with the criteria of identifiability of IAS 38 (revised 2004).

Investment accounted for using the equity method

83. For investments accounted for using the equity method, and learned from March 31, 2004, the entity to apply the IFRS accounting:

(a) The goodwill acquired which is included in the carrying amount of such investment. Therefore, the amortization of goodwill that theory will not be included in determining the participation of the entity in the outcome of the entity in which it has invested.

(b) Any excess included in the carrying amount of the entity's participation in the fair value of net assets, liabilities and contingent liabilities of the identifiable entity in which it has invested, on the cost of investment. Therefore, the entity will include this as income to excess determining the portion if he were the result of participation for the year in which the investment was acquired.

84. For investments accounted for using the equity method, which have been acquired before March 31, 2004:

(a) An entity shall apply the IFRS on a prospective basis, since the beginning of the first financial year beginning on or after March 31, 2004, for goodwill acquired which is included in the carrying amount of such investment. Therefore, the entity will cease, since that date, including the amortization of the goodwill in determining the portion that corresponds to the entity in the outcome of participation.

(b) The entity derecognized at the beginning of the first financial year beginning on or after March 31, 2004, any negative goodwill included in the carrying amount of such investment, with a corresponding adjustment in the opening balance of the earnings.

Retroactive application limited

85. Entities are allowed to implement the requirements of the IFRS the goodwill existing or acquired later, as well as business combinations that occur from a date prior to the dates of operation outlined in paragraphs 78 to 84, provided that:

(a) whether the valuations as the other information needed to implement IFRS to past business combinations, are obtained at the time that such combinations were recorded initially, and

(b) the entity also apply IAS 36 (revised 2004) and IAS 38 (revised 2004) on a prospective basis from the same date, and valuations and other information needed to implement those standards since then, have been obtained by the entity that there is no need to make estimates that should have been made at an earlier date.

Repeal of other pronouncements

86. This IFRS 86 repeals IAS 22 Business Combinations (issued in 1998).

87. This IFRS 87 repeals the following interpretations:

(a) SIC-9 Business Combinations-classification as acquisitions or as a union of interests.

(b) SIC-22 Business Combinations-post adjustments of the fair values and goodwill initially reported, and

(c) SIC-28-Business Combinations "date of exchange" and fair value of equity instruments.

Appendix A

Definitions of terms

This appendix is an integral part of IFRS.

Date of acquisition

The date on which the acquiring institution actually gets control over the foreground.

Date of the agreement

The date on which substantive agreement is reached between the parties involved in the combination and in the case of publicly listed entities, is announced to the public. In the case of a hostile acquisition, the earliest date on which yields a substantive agreement between the parties involved in the mix, is one in which they have accepted supply of the entity acquiring a number of owners of the acquired sufficient to gain control over it.

Business

An integrated package of activities and assets directed and managed in order to provide:

(a) a yield to investors, or

(b) lower costs or other economic benefits that accrue directly and proportionately to policyholders or participants.

A business generally consists of inputs, processes applied to them and related products that are or will be used to generate regular income. If there is goodwill present a set of activities and assets transferred, it is presumed that the body is assigned a business.

Business combination

The union of separate entities or businesses into one entity for purposes of financial reporting (reporting entity).
business combination between entities or businesses under common control
A combination of the business that any entity or business combinations are controlled, ultimately, by the same party or parties, both before and after which the business combination, and such control is not transitory.

Contingent liabilities

The term contingent liability has the same meaning as in IAS 37, Provisions, contingent liabilities and contingent assets, namely:

(a) a possible obligation, arising as a result of past events, whose existence must be confirmed only by the occurrence, or possibly by the non-occurrence of one or more uncertain future events, which are not entirely under the control of the entity or

(b) a present obligation, arising as a result of past events has not been recognized for accounting because:

(i) it is unlikely that the entity has to satisfy it, off of resources embodying economic benefits, or

(ii) the amount of the obligation cannot be valued with sufficient reliability.
Control

The power to direct the financial policies and operating a business or entity, in order to derive benefits from its activities.

Date of exchange

When conducting a combination of business through a single exchange transaction, the date of exchange is the date of acquisition. When combined business requires more than one exchange transaction, for example when you perform in successive stages through purchases of shares, the exchange date is the date on which recognizes each individual investment in the financial statements of the acquiring institution.

Fair value

The amount by which an asset could be exchanged, canceled or a liability, among stakeholders and duly informed in a transaction conducted in arm's length.

Goodwill

Future economic benefits from assets that cannot be individually identified and recognized separately.

Intangible asset

Intangible assets has the same meaning as in IAS 38 Intangible Assets, namely an active identifiable non-monetary and without physical substance.

Joint venture

Business set has the same meaning as in IAS 31 Investments in joint ventures, i.e. is a contractual arrangement whereby two or more partners undertake an economic activity that is subject to joint control.

Minority Interests

That part of the profit or loss and net assets of a dependent entity not correspond either directly or indirectly through other subsidiaries, the involvement of the dominant group.

Mutual status

A distinct entity of which are owned by investors as a mutual insurance or a cooperative, which provides lower costs or other economic benefits that accrue directly and proportionately to policyholders or participants.

Dominant

That entity has one or more dependents.

Likely

That is more likelihood of occurrence that otherwise.

Reporting entity

An entity for which there are users who rely on the financial statements for purposes of general information will be useful to make decisions regarding the placement of its resources. The reporting entity may be an isolated entity or a group comprising the dominant of their dependents.

Dependent

An entity that is controlled by other (known as dominant). The dependent can take various forms, including the unincorporated entities, such as associative formulas for business purposes.

Appendix B

Supplement application

This appendix is an integral part of IFRS.

Procurement Reverse

B1 As stated in paragraph 21, some business combinations, commonly known as reverse acquisitions, the acquirer is the entity whose shares in equity have been acquired, and the entity that emits is gained. This might be the case when, for example, an entity not listed agrees that it will be 'acquired' by a smaller listed entity, with the aim of listing on a stock exchange. Although from the legal point of view is considered the listed entity that issued the shares as the dominant entity and not listed as a dependent, the dependent 'legal' will be the acquirer if you have the power to direct the political and financial exploitation the dominant 'legal', so that profits from their activities.

B2 An entity shall apply the guidelines of paragraphs B3 to B15 to account for a reverse acquisition.

The B3 accounting for acquisitions reverse determines the distribution of the cost of the business combination at the acquisition date, and shall not apply to transactions made after the combination.

Cost of business combination

B4 When equity instruments issued as part of the cost of the business combination, paragraph 24 calls included in cost of the combination, the fair value of these instruments of equity on the date of exchange. Paragraph 27 states that in the absence of a reliable published price, the fair value of the equity instruments can be estimated by reference to the fair value of the acquiring institution or by reference to the fair value of the acquired entity, whichever of the two more clearly evident.

B5 In a reverse acquisition, it is considered that the cost of business combination has been supported by the legal dependent (i.e., acquiring entity for accounting purposes) in the form of equity instruments issued to owners of the dominant legal (that is, the acquired entity for accounting purposes). Using the published price for equity instruments of the legal dependent to determine the cost of the combination, the calculation will be conducted to determine the amount of equity instruments that the subsidiary would have had to issue legal to provide, owners of the dominant legal, the same percentage of ownership of the merged entity who have obtained as a result of the reverse acquisition. The fair value of the amount of equity instruments that will be used as a calculated cost of the combination.

B6 If the fair value of equity instruments of the dominant legal was not clearly evident in another way, will be used to determine the cost of combining the total fair value of all equity instruments issued by the dominant legal before the business combination.

Preparation and presentation of the consolidated financial statements

B7 The consolidated financial statements are drawn up after a reverse acquisition will be issued under the name of the dominant legal, but will be described in the notes as a continuation of the financial statements of the legal dependent (i.e., acquiring entity for accounting purposes). Since that such consolidated financial statements represent a continuation of the financial statements of the subsidiary legal:

(a) The assets and liabilities of the subsidiary is legally recognized and valued in these consolidated financial statements, by their carrying amounts prior to the combination.

(b) The earnings and other equity balances recognized in these consolidated financial statements will be the earnings and the rest of the equity balances of the legal dependent immediately before the business combination.

(c) The amount recognized as equity instruments issued in these consolidated financial statements will be determined by adding to the capital of the subsidiary legal immediately before the business combination, the cost of the combination determined in accordance with paragraphs B4 to B6. However, the structure of equity that appear in these consolidated financial statements (i.e., the number and type of equity instruments issued) reflect the equity structure of the dominant legal instruments including equity issued by the dominant legal to make the combination.

(d) to present comparative information in these consolidated financial statements will be corresponding to the legal dependent.

B8 accounting acquisitions reverse will apply only in the consolidated financial statements. Therefore, the financial statements separate from the dominant legal, if any, the investment in the subsidiary legal accounted in accordance with the requirements that IAS 27 Consolidated Financial Statements and contains separated for investments in the separate financial statements of a investor.

B9 The consolidated financial statements prepared after a reverse acquisition reflect the fair values of assets, liabilities and contingent liabilities of the dominant legal (i.e., the acquired entity for accounting purposes). Therefore, the cost of business combination will be distributed valuing the assets, liabilities and contingent liabilities of the dominant legal identifiable, which meet the criteria for recognition of paragraph 37, by their fair values at the date of acquisition. Any excess of the cost of the combination on the participation of the acquiring institution in the net fair value of these items were accounted for in accordance with paragraphs 51 to 55. Any excess of the acquiring institution's participation in the fair value of these items on the cost of the combination will be counted in accordance with paragraph 56.

Minority interests

B10 In some reverse acquisitions, some of the owners of the subsidiary legal instruments do not exchange their equity for the dominant legal instruments. Although the entity of these owners maintain equity instruments (the legal dependent) has acquired another entity (the dominant legal), they will be treated as minority interests in the consolidated financial statements are drawn up after the reverse acquisition. This is because the owners of the subsidiary legal instruments not permutations their net worth by the dominant legal have only participation in the results and net assets of the subsidiary legal, but not on results and net assets of the merged entity . On the contrary, all owners of the dominant legal, regardless of whether or not it is deemed as the acquired entity, are participating in the results and net assets of the merged entity.

B11 Since the assets and liabilities of the subsidiary is legally recognized and valued in the consolidated financial statements, by their carrying amounts prior to the combination, minority interests reflect the proportional participation of minority shareholders in those carrying amounts prior to the combination of net assets of the subsidiary law.

Earnings per Share

B12 As noted in paragraph (c) of paragraph B7, the structure of equity that will appear on the consolidated financial statements prepared after a reverse acquisition, reflect the structure of the heritage of the dominant legal instruments including equity issued by the dominant legal to make the business combination.

B13 To compute the weighted average number of common shares outstanding (denominator) during the period in which the violation occurred reverse acquisition:

(a) shall be deemed that the number of ordinary shares in circulation since the beginning of this year until the date of acquisition is the number of ordinary shares issued by the dominant legal entity to the owners of the subsidiary legal and

(b) the number of ordinary shares in circulation since the acquisition date until the end of this year will be the actual number of shares that the dominant legal has had outstanding during this period.

B14 The basic earnings per share for each financial year to disclose comparative prior to the date of acquisition, which are presented within the consolidated financial statements following a reverse acquisition, is calculated by dividing the result of the exercise of statutory dependent attributable to shareholders Regular, in each of the years, the number of ordinary shares that the dominant legal has issued to owners of the subsidiary legal in this reverse acquisition.

B15 In the calculations described in paragraphs B13 and B14 is assumed that there has been no change in the number of ordinary shares issued by the subsidiary neither during the exercises comparative law, nor during the time interval that runs from the beginning of the year in held the reverse acquisition to date of acquisition. The calculation of earnings per share will appropriately to take into account the effect of changes in the number of ordinary shares issued by the subsidiary legal during those years.

Distribution of the cost of a business combination

B16 The IFRS requires that the acquiring institution recognizes the assets, liabilities and contingent liabilities of the acquired identifiable, who meet the relevant criteria for recognition, for their fair values at the date of acquisition. To distribute the cost of a business combination, the purchaser will consider the following ratings as fair values:

(a) For financial instruments traded in an active market, the purchaser will use the current market values.

(b) For financial instruments that are not traded in an active market, the purchaser will use estimates that take into account variables such as price-earnings ratios, dividend yields and expected growth rates of comparable entities with Similar characteristics.

(c) For items to collect, use contracts and other identifiable assets, the purchaser will use the current values of amounts to receive certain using interest rates appropriate, unless corrections for uncollectible and costs of collection, his case. However, the discount is not mandatory for accounts receivable short-term contracts usufruct and other identifiable assets when the difference between nominal amounts and discounted insignificant relative.

(d) For stocks:

> (i) finished products and goods, the acquiring institution will use the sale price minus the sum of (1) costs to transfer or disposal by other means and (2) a proportion reasonable profit retribution that the effort to sell the acquirer, calculated from the profits made on finished products or similar goods;
>
> (ii) products under way, the acquiring institution will use the selling prices of finished goods less the sum of (1) costs required to complete the manufacture, (2) the costs of disposal or disposal by other means and (3) A reasonable proportion of earnings that retribution effort to produce and sell by the acquirer, calculated from the profits made on finished products like;
>
> (iii) raw materials, the acquiring institution will use the current replacement costs.

(e) land and buildings, the acquiring institution will use market values.

(f) For tangible assets other than land and buildings, the acquiring institution will use market values, normally determined by appraisal. If there is no evidence of fair value because of the specialized nature of the departure of tangible fixed assets other than land and buildings, and the same is sold except on rare occasions as part of a going concern, the acquirer may need the estimated value using a reasonable valuation method based on income or on the depreciated replacement cost of similar asset.

(g) For intangible assets, the acquiring institution will determine the fair value:

> (i) by reference to an active market, as defined in IAS 38 Intangible Assets, or
>
> (ii) the absence of an active market, on a basis that reflects the amount the buyer would have paid for the assets in a transaction in arm's length, between a buyer and a seller adequately informed and involved, from the best available information (see IAS 38 for more comprehensive guidelines on determining the fair value of intangible assets acquired in a business combination).

(h) For the assets or liabilities arising out of employee in the form of defined benefit plans, the acquiring institution will use the present value of defined benefit obligation, unless the fair value of plan assets. However, an asset is recognized only insofar as they are likely to be available for the purchaser, either in the form of reimbursement of the plan or reductions in future contributions.

(i) assets and liabilities for taxes, the acquiring institution will use the amount of the reduction resulting from tax losses, or taxes to pay respect to the results obtained in accordance with IAS 12 Income Taxes, valued from the perspective of the merged entity. The assets or liabilities for taxes will be determined after the correction of the tax effect of the restatement of assets, liabilities and contingent liabilities identified by their fair value, and the resulting balance will not be discounted.

(j) accounts payable, notes, long-term debts, liabilities, income and other anticipated accounts payable, the acquiring institution will use the current values of disbursements to perform to liquidate these liabilities, according to certain interest rates appropriate. However, the discount is not compulsory for short-term liabilities, when the difference between nominal amounts and discounted insignificant relative.

(k) For onerous contracts and other identifiable liabilities of the acquired entity, the acquirer will use the current values of the amounts of disbursements necessary to liquidate the bonds, as determined interest rates appropriate.

(l) For the contingent liabilities of the acquired entity, the acquirer will use the amounts that would have charged a third person to assume such contingent liabilities. This amount will reflect expectations about possible cash flow, but not how much more likely or cash flow maximum or minimum expected.

B17 Some of the guidelines require previous estimate fair values using updated techniques of value. Although the guidelines for an item in particular not make reference to use present value techniques, such techniques may be used in estimating the fair value of the item in question.