



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

HEAD OFFICE

Circular No. 6/2020

June 8, 2020

ALL MEMBERS OF THE INSTITUTE

Dear Member

**Request for comments on Exposure Draft
Technical Release '*Accounting for Common Control Transactions*'**

The Accounting Standards Board (the ASB) has developed and issued the Exposure Draft of Technical Release *Accounting for Common Control Transactions*, along-with its Basis for Conclusions, for your comments. The aim of the Technical Release is to improve relevance, reliability and comparability of the financial statements with regards to the common control transactions.

The ASB noted that companies in Pakistan enter into common control transactions. However, accounting and reporting standards applicable in Pakistan do not provide guidance on the accounting for business combinations under common control (BCUCC). The fact that BCUCC are scoped out of IFRS 3 *Business Combinations* raises significant financial reporting issues on how to account for common control transactions, resulting in diverse accounting practices and impacting the comparability and relevance of the financial statements.

A desk study of various international jurisdictions also highlighted that owing to the lack of guidance under IFRS, the national accounting standard-setters of these jurisdictions have issued local accounting requirements for common control transactions.

In consideration of the above factors the ASB has developed the Technical Release, specifying the accounting requirements for common control transactions for general purpose financial reporting.

The ASB also places great importance on the members and stakeholder involvement in the development of accounting framework and requirements. It looks forward to your written comments on the Exposure Draft.

The deadline for comments is July 08, 2020, and should be submitted in writing at dtscomments@icap.org.pk

Yours truly

Sohail Malik
Director Technical Services

Encls: as above

(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)

Chartered Accountants Avenue, Clifton, Karachi-75600 (Pakistan). Ph: (92-21) 111-000-422, Fax: 99251626

Website: www.icap.org.pk, E-mail: info@icap.org.pk