Accounting for Business Combinations

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1. **Definition**
    - A business combination occurs when one entity obtains control over another business, through acquisition, merger, or takeover.
2. **Acquisition Method (IFRS 3)**
    - The dominant accounting approach: identify the acquirer, determine the acquisition date, and measure identifiable assets/liabilities at fair value.
3. **Key Steps**
    - Identify the acquirer.
    - Determine the acquisition date (when control passes).
    - Recognize and measure identifiable assets acquired and liabilities assumed at fair value.
    - Recognize goodwill or a bargain purchase gain.
4. **Goodwill Calculation**
    - Goodwill = Consideration transferred + NCI value - Fair value of net identifiable assets acquired.
5. **Acquisition-Related Costs**
    - Costs like legal and advisory fees are expensed as incurred, not capitalized into the cost of the combination.
6. **Disclosure**
    - Companies must disclose the nature, terms, and financial impact of significant business combinations in the notes to the financial statements.