

August 13, 2023

IFRS Foundation
7 Westferry Circus,
Canary Wharf
London E14 4HD,
United Kingdom

RE: SOCPA Comments on *Tentative Agenda Decision – Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)*

Dear Colleagues,

The Saudi Organization for Chartered and Professional Accountants (SOCPA) appreciates the efforts of the IFRS Interpretations Committee (Committee) and welcomes the opportunity to comment on the *Tentative Agenda Decision – Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)*.

Overall, we support the IFRS IC's conclusion that the Committee should not add a standard-setting project to the work plan and instead publish a tentative agenda decision that explains its reasons for not adding a standard-setting project. SOCPA agrees that the parent entity controlled the subsidiary before the merger and, consequently, the merger is not a business combination in accordance with IFRS 3. Therefore, IFRS 3 should not be applied. Instead, a parent entity—in its separate financial statements should recognise the assets and liabilities of the subsidiary at their previously recognised carrying amounts.

SOCPA however urges the IASB to add this fact pattern to the project on Business Combinations under Common Control in order to provide specific guidance for preparers in the future.

Please feel free to contact Dr. Abdulrahman Alrazeen at (razeena@socpa.org.sa) for any clarification or further information.

Sincerely,

Dr. Ahmad Almeghames
Chief Executive Officer

