

June 2015

Report and Feedback Statement

Post-implementation Review of IFRS 3 Business Combinations



Post-implementation Review: IFRS 3 *Business Combinations*

Contents

Introduction and Overview	4
Summary of our findings and next steps	5
Background to IFRS 3	11
Consultation and evidence gathered	13
Feedback Statement on the implementation of IFRS 3	17
Respondents to the Request for Information	28
Summary of academic research and related literature	31
Appendix: Time line for the Post-implementation Review of IFRS 3	36

Introduction and Overview

Introduction

This Report and Feedback Statement describes our Post-implementation Review (PIR) of IFRS 3 *Business Combinations*. It sets out the work that we—the International Accounting Standards Board—completed, the findings of our review and our preliminary views on the follow-up work needed.

Overview of our PIR process

Our PIR was conducted in two phases. The first involved an initial identification and assessment of the matters to be examined, which were then the subject of a public consultation in the form of a Request for Information (RFI). In the second phase, we considered the comments received from the RFI along with the information that we had gathered through other consultative activities and a review of relevant academic studies.

The scope of our PIR covered the whole Business Combinations project, which resulted in IFRS 3 (2004), IFRS 3 (2008) and any resulting consequential amendments to IAS 27, IAS 36 and IAS 38 being issued.

The areas on which we focused our PIR were:

- (a) the definition of a business;
- (b) fair value measurement in a business combination;
- (c) the separate recognition of intangible assets from goodwill and the accounting for negative goodwill;
- (d) impairment of goodwill and indefinite-life intangible assets;
- (e) accounting for non-controlling interests;
- (f) accounting for step acquisitions and loss of control; and
- (g) disclosures.

On the basis of the evidence received through the PIR, we present, in this Report and Feedback Statement, our findings and set out possible responses to these findings. Our responses include further research of specific areas identified by the PIR.

Summary of our findings and next steps

Summary of our findings about IFRS 3

There are three strands to the information we gathered in the PIR; the results of the review of academic literature and other reports, the feedback received from investors and other users of financial statements, and the feedback received from preparers, auditors and regulators.

Investors have mixed views on the following topics:

(a) subsequent accounting for goodwill: some investors supported the current requirements, because they think that the non-amortisation of goodwill and the absence of impairment charges help them to verify whether an acquisition is working as expected. Other investors support the amortisation of goodwill, because they think that goodwill acquired in a business combination is supported and replaced by internally-generated goodwill over time.

(b) separate recognition of intangible assets: some investors support the current practice, because it provides an insight on why an entity purchased another entity. Other investors do not support the current practice of identifying additional intangible assets (for example, brands, customer relationships, etc) separately from goodwill, because it is highly subjective. They think that these intangible assets should be recognised only if there is a market for them.

(c) measurement of non-controlling interests (NCIs): some investors think that NCIs should be measured using the proportionate method, while other investors prefer the fair value method, and others did not have a preference.

(d) subsequent accounting for contingent consideration: some investors think that the current requirements are counterintuitive, because the acquirer recognises an expense if the acquiree is performing better than expected. Other investors support the current requirements, because they help the investor to know how the acquiree is performing.

Many investors do not support the current requirements on step acquisitions and loss of control and are asking for additional information about the subsequent performance of the acquired business.

Many preparers, auditors, regulators and others think that there are some areas in which implementation challenges have arisen and for which further clarification would be useful. These areas are the following.

(a) the definition of a business: many participants think that the definition of a business is too broad and that more guidance is needed to determine whether a transaction is a business combination or an asset acquisition, especially when the processes acquired are not significant or when the entity acquired does not generate revenues.

(b) fair value measurement: many participants think that contingent consideration, contingent liabilities and intangible assets, such as brand names and customer relationships, are difficult to measure at fair value.

Summary of our findings and next steps continued...

(c) impairment test for goodwill: many participants think that the impairment test is complex, time-consuming and expensive and involves significant judgements, especially in determining the assumptions used in the value in use (VIU) calculation and in allocating goodwill to the cash-generating units (CGUs).

(d) contingent payments to selling shareholders who become employees: many participants have asked the IASB to revisit the accounting for these payments. In their view, the fact that contingent payments are forfeited if employment terminates should not be a conclusive rule, but should instead be one of the indicators that is considered in assessing whether such contingent consideration should be treated as part of the consideration transferred or as a post-acquisition expense.

Some preparers expressed concerns regarding the level of effort required and the costs incurred in order to meet the requirements in IFRS 3. They think that these costs may, in at least some cases, have exceeded the benefits to investors.

Many participants in the review, across all types of participants, think that the IASB should try to work together with the US national standard-setter, the Financial Accounting Standards Board (FASB), if future changes are considered, in order to reduce the risk of divergence in the accounting for business combinations. Many noted that the FASB has recently decided to reconsider the post-acquisition accounting for goodwill and they would support a similar effort by the IASB.

Our review of academic research considered evidence from studies on the value relevance of goodwill, other intangible assets and impairment. It also included studies investigating application issues and compliance with IFRS 3 and IAS 36 *Impairment of Assets*. The evidence for this review was drawn from publicly available published papers, located via Google Scholar and other databases of academic studies. Evidence from working papers that are not yet published was generally not included, because the results of these studies may change prior to publication.

We think that this review of academic research provides evidence that generally supports the current requirements, particularly in relation to the usefulness of reported goodwill, other intangible assets and goodwill impairment. As expected, some studies showed the impact of managerial incentives on impairment recognition. Nevertheless, some authors pointed to an association between impairment and economic factors, market indicators and firm earnings, and concluded that impairment recognition was conveying relevant information.

Further details about these studies are included in the section *Summary of academic research and related literature*.

Our assessment of the significance of the PIR findings and the next steps

Taking into account all of the evidence collected, we have identified some areas of focus that we think warrant further investigation. In the following table we have classified these areas of focus on the basis of our assessment of their significance and we have identified the possible next steps. We have assessed their significance using the following criteria:

- (a) have investors expressed concerns about the usefulness of the information provided by the current requirements?
- (b) have preparers, auditors or regulators expressed concerns about the application of the current requirements?
- (c) is the area of focus included in the issues recommended by the Accounting Standards Advisory Forum for further work?
- (d) is the area of focus included in the Financial Accounting Foundation's *Report on PIR of Statement 141(R)* or in the FASB agenda?

Summary of our findings and next steps *continued...*

Area of focus	Assessed significance	Possible next steps
Effectiveness and complexity of testing goodwill for impairment.	High	Research will be undertaken. We could review IAS 36 and we could consider improvements to the impairment model; particularly whether there is scope for simplification.
Subsequent accounting for goodwill (ie impairment-only approach compared with an amortisation and impairment approach).	High	<p>Research will be undertaken. We could consider whether and how the costs of accounting for goodwill can be reduced without losing the information that is currently being provided by the impairment-only approach, and which our review of academic studies suggested was value-relevant. This could include considering:</p> <p>(a) how improvements to the impairment-only approach (in particular to the impairment test) could address some of the concerns that have been raised; and</p> <p>(b) whether a variation on an amortisation and impairment model could be developed with an amortisation method that does not undermine the information currently provided by the impairment-only approach.</p>
Challenges in applying the definition of a business.	Medium/ high	<p>Research will be undertaken. We could try to clarify the definition of a business and the related application guidance.</p> <p>We could also consider whether a market-participant approach is preferable to an entity-specific approach when making this assessment.</p> <p>We could consider whether and how the accounting differences between a business combination and an asset purchase could be reduced, thereby relieving some of the pressure on the definition of a business (for example, in accounting for deferred taxes).</p>

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Area of focus	Assessed significance	Possible next steps
Identification and fair value measurement of intangible assets such as customer relationships and brand names.	Medium/ high	<p>Research will be undertaken. We could consider whether particular intangible assets (for example, customer relationships) should be subsumed into goodwill.</p> <p>We could also consider what additional guidance could be given to assist in the identification of customer relationship intangible assets and their associated measurement.</p>
Information about the subsequent performance of the acquiree.	Medium	<p>This topic is related to the subsequent accounting for goodwill.</p> <p>Depending on the feedback received from the 2015 Agenda Consultation, we could investigate whether it would be practical to prepare this information, and for how many reporting periods post-acquisition this information would be cost-beneficial.</p>
Usefulness of the subsequent accounting for contingent consideration.	Medium	<p>Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue. Some participants suggested investigating whether, in some circumstances, changes in the fair value of contingent consideration should be recognised by adjusting the carrying value of the assets acquired.</p>
Fair value measurement of contingent consideration and contingent liabilities.	Medium	<p>Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue. Some participants suggested investigating whether the accounting for contingent consideration and contingent liabilities could be reconsidered in order to enhance relevance and faithful representation.</p>
Usefulness of the accounting for step acquisitions and loss of control.	Medium	<p>Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue. Some participants suggested investigating whether remeasurement gains resulting from step acquisitions and loss of control should be recognised in other comprehensive income (OCI).</p>

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Summary of our findings and next steps *continued...*

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Area of focus	Assessed significance	Possible next steps
Measurement of NCIs.	Low	Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue. Some participants suggested investigating whether the measurement of NCIs should be a one-time accounting policy choice for all business combinations (ie it should not be a transaction-by-transaction choice).
Pro-forma prior year comparative information.	Low	Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue. Some participants suggested investigating whether it would be practical to prepare this information.
Usefulness of the recognition of negative goodwill in profit or loss.	Low	Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue. Some participants suggested investigating whether negative goodwill should be recognised in OCI.
Accounting for contingent payments to selling shareholders who become employees.	Low	Depending on the feedback received from the 2015 Agenda Consultation, we could reconsider the guidance for contingent payments to selling shareholders in circumstances in which those selling shareholders become, or continue as, employees. Some participants think that this guidance should be one of the indicators to consider in assessing whether such payments should be treated as consideration or as a post-acquisition expense.

In February 2015, we decided to add to our research agenda the following areas of focus:

- (a) effectiveness and complexity of testing goodwill for impairment;
- (b) subsequent accounting for goodwill (ie impairment-only approach versus amortisation and impairment approach);
- (c) challenges in applying the definition of a business; and

(d) identification and fair value measurement of intangible assets such as customer relationships and brand names.

We will consider how to develop these projects. The FASB is also working on these topics, so we will assess how we might co-operate with the FASB on these projects. Additionally, other national standard-setters have an interest in these areas, which could give us the opportunity to pool resources.

Depending on the feedback received from the 2015 Agenda Consultation, the IASB could start working on the areas of focus assessed as being of medium or lower significance.

Background to IFRS 3

Project history and project objective

The Business Combinations project was part of our initial agenda when the IASB was formed in 2001. Accounting for business combinations had been identified previously as an area of significant divergence within and across jurisdictions. Extensive work on the topic had been undertaken in the previous decade by national standard-setters and by our predecessor, the International Accounting Standards Committee.

The FASB was also conducting a project on business combinations. In June 2001, the FASB concluded its first phase of that project by issuing SFAS 141 *Business Combinations* and SFAS 142 *Goodwill and Other Intangible Assets*, which removed the merging (or pooling) of interest methods and replaced the amortisation of goodwill with a goodwill impairment test. We received numerous requests from Europe and Australia to make similar changes to the accounting for goodwill.

The project we started in 2001 reviewed IAS 22 *Business Combinations* (revised in 1998) with the objective of improving the quality of, and seeking international convergence on, the accounting for business combinations. We decided to address the accounting for business combinations in two phases. The first phase was short-term, addressing the pooling of interests and goodwill impairment and amortisation in a replacement for IAS 22. The second phase took a broader look at business combinations accounting. We started the two phases at about the same time, which meant that they ran in parallel until the first phase was completed. Before the first phase had been completed, we had already finished our analysis of three areas: the initial measurement of identifiable assets acquired and liabilities assumed in a business combination; the recognition of liabilities for terminating or reducing the activities of an acquiree; and the accounting for bargain purchases. We decided to incorporate those decisions into the first phase of the new Standard, IFRS 3, which was issued in March 2004, bringing the first phase of the project to a conclusion.

We worked with the FASB on the second phase. We concluded that sharing our resources and debating the issues together was the best way for each to improve the application of the acquisition method and to eliminate as many differences between IFRS 3 (2004) and SFAS 141 as possible. The changes that we had incorporated into IFRS 3 in 2004 moved IFRS ahead of US GAAP, so this phase also provided the FASB with the opportunity to catch up with the decisions already incorporated into IFRS. The second phase took a broader look at business combinations accounting and, therefore, addressed aspects of merger and acquisition activity, for which there was no guidance. We also examined the requirements that we had carried forward from IAS 22 into IFRS 3 (2004) without reconsideration. The continuation of our work in the second phase of the project gave both Boards the opportunity to address the areas of IFRS 3 (2004) and IAS 27 *Consolidated and Separate Financial Statements*,¹ as revised in 2003, (and the US equivalents), which we knew required additional work.

¹ IAS 27 was amended in 2011 as a result of the IASB's project on consolidation. IFRS 10 *Consolidated Financial Statements*, issued in 2011, addresses the principle of control and the requirements relating to the preparation of consolidated financial statements. As a result, the amendments made to IAS 27 (2008) by the Business Combinations project are included in IFRS 10. IAS 27 (2011) now contains requirements relating only to separate financial statements.

Background to IFRS 3 continued...

We issued a revised version of IFRS 3 and an amended version of IAS 27 in 2008. The FASB issued SFAS 141 (revised 2007) *Business Combinations* and amended SFAS 160 *Noncontrolling Interests in Consolidated Financial Statements*.

The main standard-setting decisions made by the IASB during the first phase of the Business Combinations project were:

- (a) the acquisition method is the only method of accounting for business combinations.
- (b) liabilities for terminating or reducing activities of the acquiree and contingent liabilities are recognised only when they are liabilities of the acquiree at the acquisition date in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (they were previously accrued as part of the cost of acquisition).
- (c) separate recognition of intangible assets from goodwill. In order to achieve this, the probability recognition criterion for intangible assets acquired in business combinations was deemed to always be satisfied. Fair value can normally be measured with sufficient reliability for intangible assets to be recognised separately from goodwill.

(d) indefinite-life intangible assets and goodwill are no longer amortised but are instead tested annually for impairment.

(e) negative goodwill is recognised by the acquirer in profit or loss.

These decisions were included in IFRS 3 (2004) and in the revised versions of IAS 36 and IAS 38 *Intangible Assets*.

The main decisions made by the IASB during the second phase of the Business Combinations project were:

- (a) business combinations involving only mutual entities and business combinations achieved by contract alone are included within the scope of IFRS 3;
- (b) acquisition-related costs are expenses and contingent consideration is recognised at the acquisition date at its fair value, with changes in the fair value of the liability recognised in accordance with other Standards (those changes would usually be recognised in profit or loss);
- (c) NCIs are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's net identifiable assets;

(d) any investment the parent has in the former subsidiary after control is lost should be measured at fair value at the date that control is lost, and any resulting gain or loss should be recognised in profit or loss;

(e) measurement of goodwill in a step acquisition was simplified, acquisitions or disposals of NCIs were required to be accounted for as equity transactions and it was required to attribute the total comprehensive income applicable to NCIs without any limitations, which could lead to NCIs having a deficit balance; and

(f) aspects for which there was no guidance were addressed, such as accounting for reacquired rights, indemnification assets, leases and insurance contracts and contingent liabilities.

These decisions were included in IFRS 3 (2008) and IAS 27 (as amended in 2008).

Consultation and evidence gathered

Initial assessment

The first phase of the PIR of IFRS 3 consisted of an initial assessment of the issues that arose on the implementation of IFRS 3. This assessment was conducted in 2013 through a review of available literature and educational materials and by consultation in 60 outreach meetings.² This allowed us to compile a list of issues for subsequent investigation about the effect of implementing IFRS 3.

Scope of the PIR

The results of the initial assessment allowed us to determine the scope of the PIR. We decided that the PIR should cover both phases of the Business Combinations project. This included the requirements introduced by the issue of IFRS 3 in 2004, as well as those that were part of the 2008 revisions. We also decided that the review should include the consequential amendments made to IAS 27, IAS 36 and IAS 38 by the Business Combinations project.

The initial assessment also helped us identify the seven areas on which to focus the review. These were:

- (a) the definition of a business;
- (b) fair value measurement in a business combination;
- (c) the separate recognition of intangible assets from goodwill and the accounting for negative goodwill;
- (d) impairment of goodwill and indefinite-life intangible assets;
- (e) accounting for NCIs;
- (f) accounting for step acquisitions and loss of control; and
- (g) disclosures.

Information-gathering phase

In 2014, the PIR process entered the information-gathering phase. The PIR process is designed so that we can gather evidence from which we can draw conclusions about the effect of implementing IFRS 3. There were three principal sources of this evidence for the PIR of IFRS 3:

- (a) public consultation through an RFI;
- (b) outreach activities; and
- (c) a review of academic research.³

Public consultation through an RFI

In January 2014, we published for public comment an RFI, with comments due by 30 May 2014.

We received 93 comment letters, all of which are available on the IASB website.

² For further details, see Agenda Papers 13A and 13B for the November 2013 IASB meeting.

³ For further details, see Agenda Papers 12F and 12G for the September 2014 IASB meeting.

Consultation and evidence gathered continued...

Respondents to the RFI

A diverse range of types of interested parties responded to the RFI:

Type of respondent	Number of respondents	Percentage of respondents
Academia	4	4%
Accounting firms and accountancy bodies	21	23%
Investors and investors representative bodies	4	4%
Preparers and industry organisations	38	41%
Regulators and government agencies	6	6%
Standard-setters	14	15%
Other	6	7%
Total	93	100%

All geographical regions were represented in the responses:

Geographical region	Number of respondents	Percentage of respondents
Africa	3	3%
America	14	15%
Asia, Oceania and Middle East	21	23%
Europe	45	48%
International	7	8%
Not specified	3	3%
Total	93	100%

We discussed a summary of the comments received in September 2014.

Outreach activities

In this information-gathering phase, IASB members and staff took part in 30 outreach events in a range of formats, including discussion forums, conferences, webcasts and individual meetings. This outreach was facilitated locally by national and regional standard-setters, accounting firms, academics and regulators.

We focused our outreach activities on investors and investors' representative bodies, because we expected few comment letters from investors and many questions included in the RFI aimed to get investors' views on such questions:

Participant type	Number of events	Percentage of events
Investors and Investors' representative bodies	19	64%
Preparers	4	13%
Mixed groups (ie regulators, auditors, preparers and investors)	7	23%
Total	30	100%

All geographical regions were represented in the outreach conducted:

Geographical region	Number of events	Percentage of events
Africa	1	3%
America	2	7%
Asia, Oceania and Middle East	3	10%
Europe	20	67%
International	4	13%
Total	30	100%

Review of academic research

Another part of the PIR has been the review of academic research. This review was presented to the IASB at its meetings in September and December 2014.

The evidence in this review was drawn from publicly available published papers, located via Google Scholar and other databases of academic studies. Evidence from working papers that are not yet published was generally not included, because the results of these studies may change prior to publication.

We think that this review provides evidence that generally supports the current requirements, particularly in relation to the usefulness of reported goodwill, other intangible assets and goodwill impairment. As expected, some studies showed the impact of managerial incentives on impairment recognition.

Further details about these studies are included in the section *Summary of academic research and related literature*.

Consultation and evidence gathered continued...

Adequacy of this input

The PIR of IFRS 3 was discussed at the following public IASB meetings:

Meeting date	Topic	Paper number
July 2013	Scope of the PIR	12
November 2013	Issues identified for investigation	13-13B
December 2013	Request to publish the RFI	13
September 2014	Summary of the feedback received on the RFI and academic literature review	12F-12G
December 2014	Findings and comparison of the feedback received on the RFI with the review of academic literature	12A-12B

The papers discussed, and the recording of each public meeting, are available on the project page of our website: <http://www.ifrs.org/Current-Projects/IASB-Projects/PIR/PIR-IFRS-3/Pages/PIR-IFRS-3.aspx>.

We discussed the evidence gathered, whether from responses to the RFI, outreach or our review of available literature, in September 2014. At that meeting we decided that the evidence gathered was sufficient to form the basis for our Feedback Statement on the PIR of IFRS 3.

In December 2014, we discussed the findings of the PIR and a comparison of the feedback received on the RFI with a review of relevant academic literature. At that meeting we identified the areas of IFRS 3 that could be considered for follow-up work and assessed the relative significance of these areas.

Feedback Statement on the implementation of IFRS 3

The definition of a business

In the RFI we asked the following questions:

- (a) Are there benefits of having separate accounting treatments for business combinations and asset acquisitions? If so, what are these benefits?
- (b) What are the main practical implementation, auditing or enforcement challenges you face when assessing a transaction to determine whether it is a business? For the practical implementation challenges that you have indicated, what are the main considerations that you take into account in your assessment?

Messages received

The main challenges that participants to the PIR have identified when determining whether an acquisition includes a business are the following:

- (a) the assessment of the relevance of processes acquired as part of the acquired set of assets and the significance of the processes missing from the set.
- (b) the definition of a business is broad and IFRS 3 has little or no guidance on when an acquired set of assets is not a business.
- (c) the wording 'capable of being conducted as a business' does not help in determining whether a transaction includes a business.
- (d) IFRS 3 is not clear on the definition of a business when the entity acquired does not generate revenues.
- (e) the term 'market participant' is not defined in IFRS 3. Some sets of assets may be considered as a business for a specific group of market participants if they could integrate the set of assets in their processes. However, the same set of assets may not be considered as a business from the perspective of other market participants. Further guidance on what constitutes a market participant would help in this determination.
- (f) IFRS 3 requires a fact-driven assessment that excludes the business rationale, the strategic considerations and the objectives of the acquirer.

A separate accounting treatment for business combinations and asset acquisitions is conceptually justified only with respect to whether or not goodwill is recognised. The IASB should revisit whether the differences in the accounting treatment for deferred tax, contingent payments and acquisition costs are really justified, taking into consideration the difficulties that arise from having to determine whether a transaction represents an acquisition of assets or a business combination.

Our responses

Applying the definition of a business is particularly challenging in some industries, such as real estate, extractive activities, pharmaceutical, technology and shipping.

We assessed this issue as having medium/high significance. Consequently, we think that research should be undertaken in order to determine whether it is possible to clarify the definition of a business and the related application guidance.

In addition to researching clarifications to the definition of a business and the related application guidance, we think that we could consider whether and how the accounting differences between business combinations and asset acquisitions could be reduced. Doing so could relieve some of the pressure on the definition of a business.

A significant part of the accounting differences relates to deferred tax accounting. We have a research project aiming to better understand the needs of financial statement stakeholders regarding income taxes. This issue could also be considered as part of this research project.

Feedback Statement on the implementation of IFRS 3 *continued...*

Fair value measurement in a business combination

In the RFI we asked the following questions:

- (a) To what extent is the information derived from the fair value measurements relevant and the information disclosed about fair value measurements sufficient? If there are deficiencies, what are they?
- (b) What have been the most significant valuation challenges in measuring fair value within the context of business combination accounting? What have been the most significant challenges when auditing or enforcing those fair value measurements?
- (c) Has fair value measurement been more challenging for particular elements: for example, specific assets, liabilities, consideration etc?

Messages received	Our responses
<p>Fair values at the acquisition date provide useful information about how management spends the investor's money. Fair values are useful when asking management questions and to understand better the transaction. However, fair value does not facilitate the comparison of trends between companies that grow organically and those that grow through acquisitions.</p> <p>Upward revaluations of acquired inventory to fair value reduce profitability in the first period following the acquisition.</p>	<p>We acknowledge that it is difficult to compare companies that grow organically and those that grow through acquisitions. However, we think that the comments received confirm that fair value is the best approach for measuring the assets acquired and the liabilities assumed in a business combination.</p>
<p>The main valuation challenges that participants in the PIR have faced in measuring fair value within the context of business combinations accounting are the following:</p> <ul style="list-style-type: none"> (a) identification and measurement of intangible assets that are separable from goodwill. This is primarily due to the lack of sufficiently reliable and observable data. Intangible assets that are particularly challenging to measure are customer relationships, non-contractual intangible assets, intangible assets for which there is no active market and intangible assets in the 'early stage' of development. (b) measuring the fair value of contingent consideration is highly judgemental and difficult to validate. This is particularly relevant in the pharmaceutical industry, in which the research and development period of a drug can take more than a decade to get a preclinical compound to market. In this industry, it is common for deal structures to have multiple success-based contingent consideration payments linked to the successful completion of the various phases of the research and development process. Given this, some think that it is extremely challenging to measure these contingent payments at fair value at the acquisition date (or within 12 months of the acquisition date) based on the probability of success of each milestone. (c) because of the uncertainties regarding outcomes, the fair value of contingent liabilities is difficult to measure. This is because fair value relies on a number of assumptions and because of a general lack of guidance (indeed a number of different valuation approaches are used). 	<p>We acknowledge that the separate recognition and measurement of particular intangible assets is challenging and can be time-consuming and costly. We assessed this issue as medium/high significance. Consequently, we think that research should be undertaken in order to explore whether particular intangible assets (for example, customer relationships) should be subsumed into goodwill, and whether additional guidance could be given about the types of intangible assets that are commonly acquired in a business combination and how to achieve the measurement objective for these assets.</p> <p>We also acknowledge that the fair value of contingent consideration and contingent liabilities can be difficult to measure. We assessed this issue as being of medium significance. Consequently, we think that this topic may warrant further analysis. For example, some participants suggest investigating whether the accounting for contingent consideration and contingent liabilities could be reconsidered in order to enhance relevance and faithful representation.</p>

The separate recognition of intangible assets from goodwill and the accounting for negative goodwill

In the RFI we asked the following questions:

- (a) Do you find the separate recognition of intangible assets useful? If so, why? How does it contribute to your understanding and analysis of the acquired business? Do you think changes are needed and, if so, what are they and why?
- (b) What are the main implementation, auditing or enforcement challenges in the separate recognition of intangible assets from goodwill? What do you think are the main causes of those challenges?
- (c) How useful do you find the recognition of negative goodwill in profit or loss and the disclosures about the underlying reasons why the transaction resulted in a gain?

Messages received

Investors have mixed views on the separate recognition of intangible assets from goodwill.

Some do not support the current practice of identifying additional intangible assets (for example, brands, customer relationships, etc) beyond goodwill, because, in their opinion, it is highly subjective and open to significant arbitrage opportunities for companies during business combinations. They think that these intangible assets should be recognised only if there is a market for them.

Other investors support the current practice, because it provides an insight on why a company purchased another company and it helps in understanding the components of the acquired business, including its primary assets (ie the value-drivers).

Academic research indicates that separate recognition of goodwill and identifiable intangible assets are value-relevant and, in some studies, identifiable intangible assets are more relevant under IFRS than prior national GAAP. Thus, the research provides some support for the IFRS 3 approach.

The main causes of the challenges in recognising and measuring intangible assets described by participants in the PIR are:

- (a) many intangible assets are not frequently traded on a stand-alone basis and therefore there is very often no active market for them;
- (b) many intangible assets are unique and it is therefore not easy to identify and assess their value;
- (c) valuation methods are complex and subjective;
- (d) the measurement is more complex when the intangible assets are not based on legally enforceable rights; and
- (e) the useful life of some intangible assets is subjective.

Our responses

We acknowledge that the separate recognition and measurement requirements of particular intangible assets is challenging.

We assessed this issue as being of medium/high significance. Consequently, we think that research should be undertaken in order to explore whether particular intangible assets (for example, customer relationships) should be subsumed into goodwill and whether additional guidance could be given about the types of intangible assets that are commonly acquired in a business combination, and the measurement objective for these assets.

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Feedback Statement on the implementation of IFRS 3 *continued...*

...continued

Messages received	Our responses
<p>Investors usually strip out gains from bargain purchases from their assessment of underlying earnings, because they think that such gains are not part of the performance of the company.</p> <p>However, many investors have no strong views on the accounting treatment of negative goodwill. They are not significantly concerned about the current accounting for negative goodwill, as long as the amount of gain is clearly presented in the financial statements or in the notes. Other investors think that recognising gains from bargain purchases in OCI would be a better approach.</p> <p>Investors usually find the disclosures required by IFRS 3 about negative goodwill useful because, if an entity recognises negative goodwill, then it is important to know why the transaction resulted in a bargain purchase.</p>	<p>We assessed this issue as being of low significance, because investors generally find the current disclosures useful and are not significantly concerned about recognising negative goodwill in profit or loss.</p> <p>However, depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue, for example, investigating whether negative goodwill should be recognised in OCI.</p>

Impairment of goodwill and indefinite-life intangible assets

In the RFI we asked the following questions:

- (a) How useful have you found the information obtained from annually assessing goodwill and intangible assets with indefinite useful lives for impairment, and why?
- (b) Do you think that improvements are needed regarding the information provided by the impairment test? If so, what are they?
- (c) What are the main implementation, auditing or enforcement challenges in testing goodwill or intangible assets with indefinite useful lives for impairment, and why?

Messages received

Investors have mixed views on the impairment-only approach (ie non-amortisation) of goodwill.

Some investors supported the current requirements, because they think that the impairment-only approach:

- (a) is useful for relating the price paid to what was acquired and for calculating the return on invested capital;
- (b) helps them to assess the stewardship of the management; and
- (c) helps them to verify whether an acquisition is working as expected.

They think that the information provided by the impairment test of goodwill is useful, because it has a confirmative value.

Other investors would prefer the re-introduction of the amortisation of goodwill, because they think that:

- (a) goodwill acquired in a business combination is supported and replaced by internally generated goodwill over time;
- (b) estimating the useful life of goodwill is possible and is no more difficult than estimating the useful life of other intangible assets;
- (c) goodwill has been paid for and so, sooner or later, it should have an impact on profit or loss;
- (d) amortising goodwill would decrease volatility in profit or loss when compared to an impairment model; and
- (e) amortising goodwill would reduce pressure on the identification of intangible assets, because both goodwill and intangible assets would be amortised.

Many participants in the review suggested an amortisation and impairment approach. Under this model, an impairment test would only be performed if specific impairment indicators arise.

The academic evidence points to some managers using their discretion in recognising impairment in ways that are potentially favourable to themselves. Nevertheless, some studies conclude that impairment reflects economic fundamentals, because it is associated with share price (ie it is value-relevant). Taken together, the evidence suggests that for IFRS entities although there is some evidence of managerial discretion regarding the amount and timing of impairment recognition, other evidence suggests that the IFRS impairment model is operating effectively.

Our responses

We assessed this issue as being of high significance.

We acknowledge that there is some support for a return to an amortisation-based model of accounting for goodwill with indicator-based impairment testing. However, the academic literature review provided support for an impairment-only approach being value-relevant.

We think that research should be undertaken in order to investigate whether and how the costs of accounting for goodwill can be reduced without losing the information currently being provided, and which our review of academic studies suggested was value-relevant. We think that this could include considering:

- (a) how improvements to the impairment-only approach (in particular to the impairment test) could address some of the concerns that have been raised; and
- (b) whether a variation on an amortisation and impairment model may be developed with an amortisation method that does not undermine the information currently provided by the impairment-only approach (for example, whether this could be achieved with an increasing-balance amortisation method).

As part of this work we think we need to:

- (a) understand why there are differences between participants' feedback and academic evidence;
- (b) analyse the causes of the concerns about the impairment-only approach;
- (c) understand whether some of the concerns are caused by poor application of the requirements; and
- (d) understand the cost-benefit trade-off of the impairment-only approach and the consequences of any change.

continued...

Feedback Statement on the implementation of IFRS 3 *continued...*

...continued

Messages received	Our responses
<p>Many participants think that the impairment test is complex, time-consuming and expensive and involves significant judgements. The main challenges identified are the following:</p> <ul style="list-style-type: none"> (a) difficulties in determining a pre-tax discount rate for the VIU calculation. (b) some of the limitations of the VIU calculation, in particular the prohibition on including expansion capital expenditures in cash flow projections and the requirement to perform the test based on the most recent approved budgets, which over time can be substantially different from the business plans at the acquisition date. These limitations are seen as artificial by participants citing these problems. (c) many participants think that there appears to be a 'lag' in the time between the impairment occurring and the impairment charge being recognised in the financial statements. (d) the costs involved in performing the impairment test, including the requirement to perform it annually in the absence of impairment indicators. (e) concerns about the high degree of subjectivity in the assumptions used in the VIU calculation. (f) difficulties (and subjectivity involved) in allocating goodwill to CGUs for impairment testing purposes, and reallocating that goodwill when restructuring occurs. 	<p>We assessed this issue as being of high significance.</p> <p>We acknowledge that the impairment test could be improved irrespective of whether the amortisation of goodwill is reconsidered.</p> <p>We think that research should be undertaken in order to review IAS 36. In our view, this project requires a broad approach, first to ensure that all significant issues with impairment testing have been identified, and then to consider the possible alternative approaches.</p>

Accounting for NCIs

In the RFI we asked the following questions:

- (a) How useful is the information resulting from the presentation and measurement requirements for NCIs? Does the information resulting from those requirements reflect the claims on consolidated equity that are not attributable to the parent? If not, what improvements do you think are needed?
- (b) What are the main challenges in the accounting for NCIs, or in auditing or enforcing such accounting? Please specify the measurement option under which those challenges arise.

Messages received	Our responses
<p>Most investors support the presentation requirements for NCIs. Many investors do not support the measurement choice for NCIs between fair value and a proportionate share in the recognised amounts of the acquiree's identifiable net assets. However, they expressed mixed views on which measurement choice is preferable. Some prefer the proportionate method, while others prefer the fair value method, and others did not have a preference.</p>	<p>We assessed this issue as being of low significance, because investors generally do not have a strong view on how to measure NCIs and they usually find the current disclosures required by IFRS 3 to be useful.</p> <p>We acknowledge that the current measurement option for NCIs impairs the comparability of companies that account for partial acquisitions differently.</p> <p>Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue, for example, by investigating whether the measurement of NCIs should be a one-time accounting policy choice for all business combinations (ie it should not be a transaction-by-transaction choice).</p>
<p>Some participants think that measuring NCIs at fair value presents significant practical difficulties, particularly when the shares of the acquiree are not traded in an active market.</p>	<p>We acknowledge that measuring NCIs at fair value can be challenging. However, we think that the current measurement option addresses this issue, because it permits, on a transaction-by-transaction basis, the measurement of NCIs at the proportionate share of the acquiree's identifiable net assets (ie an entity can choose to measure NCIs at the proportionate share of the acquiree's net assets when measuring NCIs at fair value is complex).</p>

Feedback Statement on the implementation of IFRS 3 *continued...*

Accounting for step acquisitions and loss of control

<p>In the RFI we asked the following questions:</p> <p>(a) How useful do you find the information resulting from the step acquisition guidance in IFRS 3? If any of the information is unhelpful, please explain why.</p> <p>(b) How useful do you find the information resulting from the accounting for a parent’s retained investment upon the loss of control in a former subsidiary? If any of the information is unhelpful, please explain why.</p>	
Messages received	Our responses
<p>Many investors think that the gain or loss on the remeasurement at fair value of the previously held interest is a non-recurring gain or loss that is not part of the performance of the entity. Consequently, such gains (or losses) are not considered in their valuation models. For this reason, many investors think that it would be useful to have these gains (or losses) clearly identified in the financial statements.</p>	<p>We assessed this issue as being of medium significance.</p> <p>We acknowledge that these remeasurement gains should be disclosed in financial statements, because these gains are generally not included in investors’ valuation models.</p>
<p>Similarly as for step acquisitions, many investors think that the gain or loss on the remeasurement at fair value of the retained interest in the former subsidiary is a non-recurring gain or loss that is not part of the performance of the entity. Consequently, they think that it would be useful to have these gains (or losses) clearly identified in the financial statements.</p>	<p>Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue, for example, some participants suggest investigating whether these gains should be recognised in OCI.</p>

Disclosures

In the RFI we asked the following questions:

- (a) Is other information needed to properly understand the effect of the acquisition on a group? If so, what information is needed and why would it be useful?
- (b) Is there information required to be disclosed that is not useful and that should not be required? Please explain why.
- (c) What are the main challenges to preparing, auditing or enforcing the disclosures required by IFRS 3 or by the related amendments, and why?

Messages received	Our responses
<p>Many investors think that once an acquisition has been completed, it is often hard to assess the subsequent performance of the acquired business. Consequently, they think that better disclosure is needed to allow them to do so. For example, it is important for them to know how much of the business has grown organically versus how much it has grown through acquisitions. They require clear information on the operating performance of the acquired business after the business combination; specifically, its revenues and operating profit.</p>	<p>We assessed this issue as being of medium significance.</p> <p>We acknowledge that information about the subsequent performance would be useful for investors.</p> <p>Depending on the feedback received from the 2015 Agenda Consultation, we could investigate whether it would be practical to prepare this information in the first two or three years after the business combination.</p>
<p>Some investors also require pro-forma prior year comparative information for the combined entity for purposes of their trend analysis.</p>	<p>We assessed this issue as being of low significance. This is because we note that preparing and auditing pro-forma information may be challenging.</p> <p>We acknowledge that pro-forma information would be useful to investors.</p> <p>Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue, for example, by investigating whether it would be practical to prepare this information.</p>
<p>Many participants find it very difficult to disclose the revenue and profit or loss of the combined entity for the current period as though the acquisition had occurred at the beginning of the reporting period, because information prior to the acquisition is not always readily available. Because of the practical limitations and the significant effort required to determine the disclosures, they think that the IASB should consider providing some relief from this disclosure requirement.</p>	

Feedback Statement on the implementation of IFRS 3 *continued...*

Other matters

In the RFI we asked whether there are other matters that the IASB should be aware of as it considers the PIR of IFRS 3.	
Messages received	Our responses
<p>Many participants in the review think that the IASB should reconsider the subsequent accounting for contingent consideration. Some noted that when contingent consideration liabilities are directly linked to a particular (new) intangible asset acquired (for example, an in-process research project), the values of the liability and the related intangible asset respond equally to the related changes in the development of the project. These participants suggest that changes in the fair value of the liability could be recognised as an adjustment to the related intangible asset, instead of in profit or loss, to avoid potential ‘accounting mismatches’.</p>	<p>We assessed this issue as being of medium significance.</p> <p>We acknowledge that many participants in the PIR think that the subsequent accounting for contingent consideration is counterintuitive.</p> <p>Depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue; for example, by investigating whether in some circumstances changes in the fair value of contingent consideration should be recognised against the assets acquired.</p>
<p>Many participants asked the IASB to revisit the guidance in paragraph B55(a) of IFRS 3 for contingent payments to selling shareholders in circumstances in which those selling shareholders become, or continue as, employees. They note that the paragraph appears to mandate that an arrangement in which contingent payments are forfeited if employment terminates is treated as post-acquisition remuneration. In their view, this should not be an individually conclusive rule, but should instead be one of the indicators that should be considered in assessing whether such contingent consideration should be treated as part of the consideration transferred in the acquisition or as a post-acquisition expense.</p>	<p>We assessed this issue as being of low significance.</p> <p>We think that in most cases these payments are post-acquisition expenses.</p> <p>However, depending on the feedback received from the 2015 Agenda Consultation, we could start working on this issue; for example, by investigating in which circumstances these payments should be considered as consideration transferred in the acquisition.</p>

Effects

<p>In the RFI we asked which areas of IFRS 3 and related amendments:</p> <p>(a) represent benefits to users of financial statements, preparers, auditors and/or enforcers of financial information, and why;</p> <p>(b) have resulted in considerable unexpected costs to users of financial statements, preparers, auditors and/or enforcers of financial information, and why; or</p> <p>(c) have had an effect on how acquisitions are carried out (for example, an effect on contractual terms)?</p>	
Messages received	Our responses
<p>The main benefits mentioned by the participants in the review are:</p> <p>(a) IFRS 3 provides a coherent framework for accounting for business combinations that is converged with US GAAP;</p> <p>(b) the information derived from fair value measurements can serve to explain management's intention behind the acquisition;</p> <p>(c) the approach of clearly setting out the Standard's principles and then highlighting exceptions to them makes the Standard easy to follow and understand;</p> <p>(d) enhanced transparency due to the extensive disclosures; and</p> <p>(e) the identification of intangible assets apart from goodwill provides investors with critical information on the underlying fundamental drivers of value in businesses that a management team is choosing to invest in.</p>	<p>We think that the benefits of applying IFRS 3 are largely as expected and that overall the Standard has achieved its objectives and has improved financial reporting.</p>
<p>Many participants in the PIR think that the most considerable unexpected costs arise from the separation and measurement of intangible assets from goodwill and the impairment test of goodwill, because these areas of IFRS 3 sometimes require the involvement of external valuation specialists.</p>	<p>We acknowledge that applying the requirements on these areas of IFRS 3 can sometimes be costly. For this reason, we think that a research project should be undertaken on these topics with the aim of identifying how some of those requirements could be simplified.</p>
<p>Many participants in the PIR are not aware of any changes to the way in which acquisitions are carried out or structured. However, some had the following perceptions:</p> <p>(a) entities could overestimate contingent consideration to avoid negative effects in the post-acquisition profit or loss;</p> <p>(b) entities try to avoid contingent consideration when possible; and</p> <p>(c) the increased alignment between US GAAP and IFRS makes transaction negotiations and structuring between different parts of the world more straightforward.</p>	<p>We think that maintaining convergence with US GAAP on the accounting for business combinations is an important factor to take into account in considering whether and how to amend IFRS 3.</p>

Respondents to the RFI

Accounting Standards Board of Canada (AcSB)
Accounting Standards Board of Japan (ASBJ)
Allianz
American Appraisal
Anglo American Platinum Limited
Asian-Oceanian Standard-Setters Group (AOSSG)
Associação Brasileira das Companhias Abertas (ABRASCA) [Brazilian Association of Listed Companies]
Association of Chartered Certified Accountants (ACCA)
Association pour la participation des entreprises françaises à l'harmonisation comptable internationale (ACTEO) [French association for the participation of businesses in the convergence of accounting standards]
Astra Zeneca
Australian Accounting Standards Board (AASB)
Austrian Financial Reporting and Auditing Committee (AFRAC)
Autorité des normes comptables (ANC) [French standard-setting body]
Banco Bilbao Vizcaya Argentaria, S.A. (BBVA)
Barrick Gold Corporation
Bayer
BDO IFR Advisory Limited
BP p.l.c.
BusinessEurope
CFO Forum South Africa
Chartered Financial Analyst Society of the UK (CFA UK)
Chime Communications plc
China Accounting Standards Committee (CASC)
China Securities Regulatory Commission (CSRC)
Christoph Fröhlich
Cobham plc
Comitê de Pronunciamentos Contábeis (CPC) [Brazilian Committee for Accounting Pronouncements]
Consejo Mexicano de Normas de Información Financiera, A.C. (CINIF) [The accounting standard setting body in Mexico]
CPA Australia Ltd
Deloitte Touche Tohmatsu Limited
Deutsches Rechnungslegungs Standards Committee e.V. (DRSC) [Accounting Standards Committee of Germany (ASCG)]
Duff & Phelps
Ernst & Young Global Limited
European Federation of Financial Analysts Societies (EFFAS)
European Financial Reporting Advisory Group (EFRAG)
European Securities and Markets Authority (ESMA)

Fédération des Experts-comptables Européens (FEE) [The Federation of European Accountants]
Financial Executives International (FEI)
Financial Reporting Council (FRC) [Mauritius]
Financial Reporting Council (FRC) [UK]
Financial Supervisory Service (FSS) [Korea]
Frederik Schmachtenberg
GDF Suez
German Property Federation (ZIA)
Gesamtverband der Deutschen Versicherungswirtschaft e. V. (GDV) [German Insurance Association]
Grant Thornton International Ltd
Grupo Latinoamericano de Emisores de Normas de Información Financiera (GLENIF) [Group of Latin-american Accounting Standard Setters (GLASS)]
GSK plc
Henderson Global Investors
Hong Kong Institute of Certified Public Accountants (HKICPA)
Institut Akauntan Awam Bertauliah Malaysia [The Malaysian Institute of Certified Public Accountants (CPA)]
Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) [Institute of Public Auditors in Germany]
Institute of Certified Public Accountants of Kenya (ICPAK)
Institute of Singapore Chartered Accountants (ISCA) [Formerly ICPAS]
International Business Machines (IBM)
Japan Foreign Trade Council, Inc (JFTC)
Keppel Corporation Ltd
Kingston Smith
Korea Accounting Standards Board (KASB)
KPMG
Malaysian Accounting Standards Board (MASB)
Marketing Accountability Standards Board (MASB)
Mazars
Meyers Norris Penny (MNP) LLP
Mr Peter Dittmar Mr Dritan Muneka
Nestlé S.A.
New Zealand Accounting Standards Board (NZASB)
Norsk RegnskapsStiftelse (NASB) [Norwegian Accounting Standards Board]
Organismo Italiano di Contabilità (OIC) [Italian Accounting Organisation]
Pearl Tan
PricewaterhouseCoopers International Limited
Real Property Association of Canada (REALPAC)

Summary of academic research and related literature

Summary of research evidence

Value relevance studies	Country	Years	Goodwill	Impairment expense	Other intangible assets
AbuGhazaleh et al. (2012)	UK (n = 528 ⁴)	2005–2006		Negative association with share price.	
Amel-Zadeh et al. (2013)	UK (n = 507)	1997–2011		Negative association with share price; negative association with market returns.	
Aharony et al. (2010)	14 EU countries (n = 2,298)	2004–2005	More value-relevant under IFRS.		
Chalmers et al. (2008)	Australia (n = 599)	2005–2006	More value-relevant under IFRS.		More value-relevant under IFRS (capitalised software).
Chalmers et al. (2012)	Australia (n = 3,328 firms years)	1993–2007	More useful for analysts under IFRS.		
Laghi et al. (2013)	France, Germany, Italy, Portugal, Spain, UK (n = 835)	2008–2011	Positive association with share price.	Negative association with share price.	
Oliviera et al. (2010)	Portugal (n = 354 firm-years)	1998–2008	More value-relevant under IFRS.		More value-relevant under IFRS (including capitalised research and development).
Sahut et al. (2011)	France, Sweden, Italy, UK (n = 1,855)	2002–2007	Positive association with share price. Value relevance decreased (relative to other intangible assets) in the IFRS period.		Positive association with share price. Value relevance increased (relative to goodwill) in the IFRS period.
Su and Wells (2014)	Australia (n = 367-309)	1998–2008	Positively associated with future performance.		Not associated with future performance.

4 This is the size of the sample considered in each study.

Summary of academic research and related literature continued...

Implementation and incentives studies	Country	Years	Income smoothing, big bath using impairment recognition	Compensation, tenure	Timeliness of impairment recognition
AbuGhazaleh et al. (2012)	UK (n = 507)	2005–2006	Evidence of income smoothing and big bath.		
Amiraslani et al. (2013)	EU, Norway, Switzerland (n = 4,474)	2006–2011			More timely in countries with strong enforcement.
Detzen and Zülch (2012)	Germany (n = 805 firm-years)	2004–2010	Evidence of income smoothing.		
Glaum et al. (2014)	21 countries including US IFRS firms (n = 25,046 and n = 5,427 firm-years for non-financial and financial firms)	2005–2011	Evidence of income smoothing.	Longer tenure, impairment less likely.	More timely in countries with strong enforcement.
Hamberg et al. (2011)	Sweden (n = 232–254 firms)	2001–2007		Longer tenure, impairment less likely.	
Chalmers et al. (2011)	Australia (n = 4,991 firm-years)	1998–2008			Reflects underlying investment opportunities.

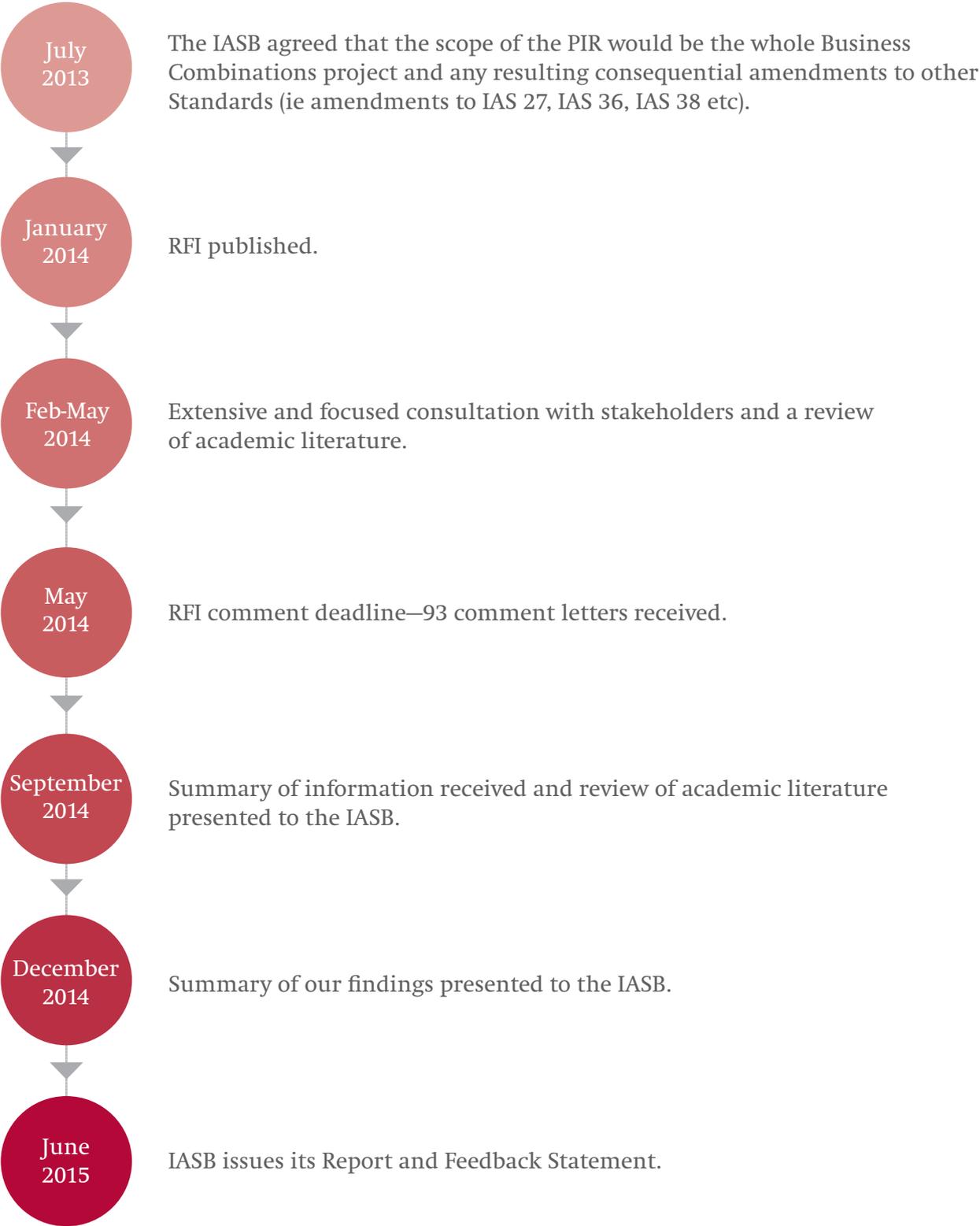
Compliance studies	Country	Years	Incidence	Disclosure	Enforcement
Amiraslani et al. (2012)	EU, Norway, Switzerland (n = 324)	2010–2011	Boilerplate language used. Lack of change post-2008. More compliance with low-effort disclosure items.	Rate of compliance around 82 per cent for goodwill disclosure. Adequate disclosure of assumptions and relevant factors.	Compliance higher for firms with Big 4 auditors.
Camodeca et al. (2013)	UK (n = 85)	2007–2011	Disclosure improved post – 2008.	Lack of disclosure of some key assumptions used in impairment.	
Carlin and Finch (2010)	Australia (n = 50)	2005–2006		10 per cent of companies failed to disclose discount rates for impairment.	
Glaum et al. (2012)	17 countries (n = 357)	2005			Compliance higher for firms with Big 4 auditors.
Glaum et al. (2014)	21 countries including US IFRS firms (n = 25,046 + n = 5427 firm-years)	2005–2011	Companies with higher market returns and return on assets less likely to impair.		Delays in recognition of impairment in low enforcement countries.
Guthrie and Pang (2013)	Australia (n = 287)	2005–2010	More companies allocated goodwill to CGUs over sample period (61 per cent improved to 80 per cent).		
Johansen and Plenborg (2013)	Denmark – Financial report preparers (n=89) and users (n=288)	Pre 2013		IFRS 3 and IAS 36 disclosures were highly demanded, most costly to prepare and least satisfying (along with IFRS 7 <i>Financial Instruments: Disclosures</i>).	

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Appendix: Time line for the Post-implementation Review of IFRS 3



Notes



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