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FASB | IASB Joint Education Meeting

Business Combinations—Disclosures, Goodwill and Impairment

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Paolo Dragone
Craig Smith
Tim Craig
Dehao Fang
Zicheng Wang

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Agenda

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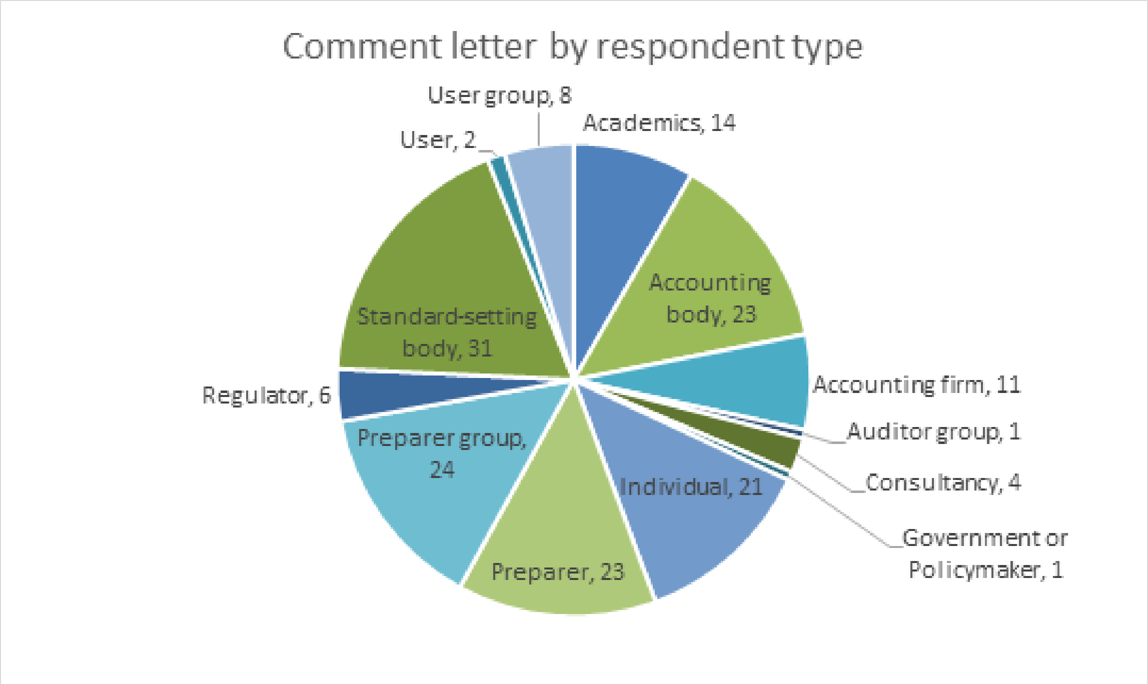
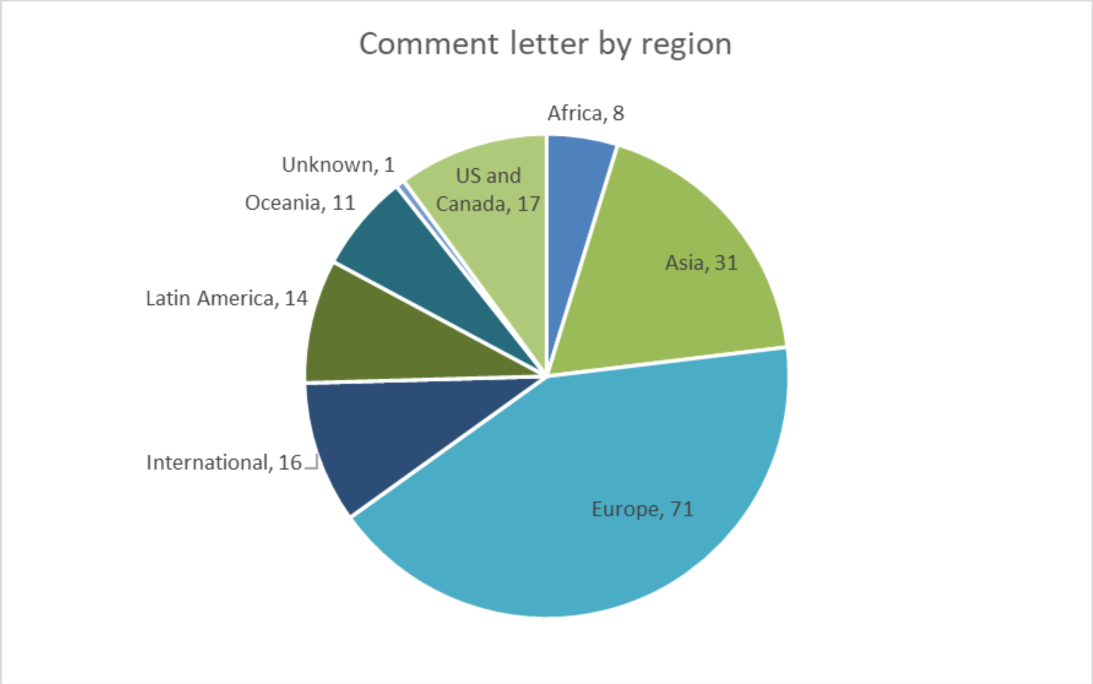
Outreach efforts

Outreach Efforts

- The following charts provide an analysis of respondents to the Board's Discussion Paper by respondent type and geographical region:





- In addition, the staff held 94 meetings with stakeholders, including 30 meetings with users of financial statements (users) and user groups, 20 webinars with mixed stakeholder types, 18 meetings with national standard-setters, 14 meetings with preparers and preparer groups, 8 meeting with accounting firms and accounting bodies, 3 meetings with academic groups and 1 meeting with a group of regulators.
- The staff also did fieldwork with 8 preparers on the Board's preliminary view to add additional disclosure requirements to IFRS 3.
- The remainder of these slides include feedback from comment letters and other outreach activities.

Quantifying feedback received

In this Agenda Paper the staff use the following terms to quantify the feedback of respondents on various topics:

Almost all	All except a very small minority
Most	A large majority, with more than a few exceptions
Many	A small majority or large minority
Some	A small minority, but more than a few
A few	A very small minority

Objective and scope

Objective and scope

Objective	To improve the information entities provide to investors, at a reasonable cost, about the business combinations those entities make.
Aim	To help investors to assess performance and more effectively hold management to account for its decision to acquire businesses.
Scope	A package of preliminary views with a unifying objective that covers: • disclosures about business combinations; • the accounting for goodwill, including the impairment test; and • recognition of acquired intangible assets.
Tentative decision	In June 2021 the Board tentatively decided to leave the objective and the scope unchanged.

Objective and scope

Overall message

Most respondents who commented agreed with the project's objective of exploring whether entities can, at a reasonable cost, provide users with more useful information about the business combinations those entities make.

Project objective

Summary of feedback

- Some respondents, notably in Germany and Japan, disagreed with the project's objective because in the PIR of IFRS 3, the subsequent accounting of goodwill was identified as a **high priority area** but providing better information about the subsequent performance of business combinations was assessed as a **medium priority** area. In their view, therefore, **the project's objective should be to address the effectiveness of the impairment test**, rather than on improving the disclosures an entity provides to users about business combinations.
- However, some other respondents said the **disclosures outlined in the DP would help address some aspects of the so-called 'too little, too late' problem**. In particular, they might help users identify whether a business combination is performing below expectations in situations in which no impairment loss has been recognised on goodwill.

Objective and scope

Overall message

Mixed views on whether the package of preliminary views would achieve the right balance between improving the information provided to users and limiting the cost to preparers.

Overall package

Summary of feedback

- Some respondents said that the Board's package of preliminary views **would achieve the right balance** between improving the information provided to users and limiting the cost to preparers.
- Other respondents said they did not view the Board's preliminary views as a package of views with a unifying objective. These respondents would consider some aspects of the DP in separate projects:
  - For example, some preparers said that the only unifying objective appears to be cost. Those respondents suggested **simplifying the impairment test in a separate project** that could be finalised before other aspects of the Discussion Paper.
  - Other respondents suggested considering the **accounting for goodwill separately** from the Board's preliminary views about improving the disclosure requirements in IFRS 3.

Board’s views expressed in the Discussion Paper and feedback received

The Board’s preliminary views—at a glance

Improving the accounting for goodwill	A Can the impairment test be made more effective?	Not significantly, and not at a reasonable cost.
	B Should goodwill be amortised?	No, retain the impairment-only model.
Improving disclosures about business combinations	Require entities to disclose: • management’s objectives for business combinations; and • how business combinations performed against those objectives. Some targeted improvements to existing disclosures.	
Intangible assets	Do not change recognition of intangible assets separately from goodwill.	

Convergence with US GAAP	Investigate whether answers to questions in the DP depend on whether the outcome is consistent with US GAAP.

Improving the accounting for goodwill

Should amortisation of goodwill be reintroduced?

Should goodwill be amortised?

Feedback from the 2015 PIR	The Board identified concerns that the impairments losses on goodwill are sometimes recognised too late and decided to explore whether it is possible to improve the effectiveness of the impairment test and whether amortisation of goodwill could resolve those concerns.
Board's views in the 2020 DP	The Board considered whether there is compelling new evidence supporting the reintroduction goodwill amortisation, with the aim of: • taking some pressure off the impairment test, which may make the impairment test easier and less costly to apply. • providing a simple mechanism that targets the acquired goodwill directly and reduces the possibility that the carrying amount of goodwill could be overstated because of management over-optimism or because goodwill cannot be tested for impairment directly. By a small majority (8 out of 14), the Board reached a preliminary view that it should retain the impairment-only model.

Feedback received

Overall message

Respondents' views remain mixed. Many respondents agreed with the Board's preliminary view that it should retain the impairment-only model but many other respondents disagreed, saying amortisation of goodwill should be reintroduced.

Summary of feedback

- Respondents generally **did not provide new conceptual arguments or evidence**, although some respondents considered that there is new practical evidence since IFRS 3 was issued in 2004 being that the impairment test is not effective enough. Respondents referred to the evidence from applying the impairment-only model since 2004 and the problems encountered as new evidence.
- Most respondents who commented said **convergence with US GAAP** was desirable. However, many respondents also said their view did not depend on whether the outcome would maintain convergence, or that the Board should make its decision based on the evidence it has collected rather than solely to maintain convergence.

Feedback received

Summary of feedback

- Many respondents agreed with the Board's preliminary view to retain the impairment-only model but many other respondents disagreed and instead suggested reintroducing amortisation of goodwill. In particular:
    - individual users and user groups were split in their views;
    - most preparers and many national standard-setters suggested reintroducing amortisation of goodwill; and
    - a few respondents (for example, some accounting firms, accounting bodies and national standard-setters, and many regulators) did not offer a view, with many of those respondents observing the merits and limitations of both models and mixed views within their organisations.
- Respondents provided numerous arguments to support their views and these arguments could be grouped into two broad categories:
    - **conceptual reasons**; and
    - **practical reasons**.

Feedback received

Summary of feedback from users

- Overall, users were divided and some of them did not express a strong view:
  - Most users in Canada, Japan and continental Europe preferred reintroducing amortisation of goodwill.
  - On the other hand, most users in Australia, the UK, the US preferred retaining the impairment-only model.
  - Two global user groups were not in favour of reintroducing amortisation of goodwill.
- Many users in favour of **reintroducing goodwill amortisation** said that:
  - goodwill is a wasting asset;
  - management can make a reliable estimate of the useful life of goodwill and that this estimate could provide useful information; and
  - the impairment test is not working.
- Most of those that favoured **retaining the impairment-only model** said that amortisation provides no useful information and recognition of impairment losses provides information that is more useful for users. A few also said that goodwill is not a wasting asset and that the impairment-only model better holds management to account because amortisation does not distinguish between good and bad managers.

Reasons for reintroducing amortisation (1/3)

Summary of feedback

Conceptual reasons (in order of prevalence) provided by respondents:

- many respondents said **goodwill is a wasting asset and amortisation of goodwill would reflect its consumption**–the value of goodwill diminishes over time due to competition, technological factors and because benefits of synergies are realised as businesses are combined;
- **amortisation prevents the recognition of internally generated goodwill**–many respondents said that in their view acquired goodwill is replaced by internally generated goodwill over time and amortisation prevents internally generated goodwill being recognised in the financial statements; (continued on the next slide)

Practical reasons (in order of prevalence) provided by respondents:

- the **impairment test is not working**–many respondents pointed to limitations of the impairment test and the fact that Board had not been able to make the test more effective;
- it would resolve concerns that entities do not **recognise impairment losses on a timely basis**–many respondents said reintroducing amortisation would resolve, or at least reduce, the main reasons for concerns that entities do not recognise impairment losses on a timely basis;
- **goodwill balances are too high**–some respondents pointed to the increase in entities' goodwill balances;

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Reasons for reintroducing amortisation (2/3)

Summary of feedback

Conceptual reasons (in order of prevalence) provided by respondents (cont'd):

- **a reliable estimate of useful life can be made**–some respondents said a reliable estimate of useful life could be made and management's judgements about the useful life of goodwill could provide useful information about management's expectations of the period the benefits associated with goodwill will be realised;
- **amortisation helps hold management accountable**–some respondents said amortisation would hold management to account for acquisition decisions better than an impairment-only model (because, for example, the amortisation charge would require an entity to generate profits to recover the cost related to the goodwill); and

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Practical reasons (in order of prevalence) provided by respondents (cont'd):

- it is a **simple method** that would **reduce costs**–some respondents said amortisation is a simple method that would reduce the cost and subjectivity of the impairment test;
- **amortisation reduces procyclicality, helps financial stability**–some respondents said that unexpected impairment losses make the income statement more volatile and can have procyclical effects and affect the financial stability of markets; and

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Reasons for reintroducing amortisation (3/3)

Summary of feedback

Conceptual reasons (in order of prevalence) provided by respondents (cont'd):

- a few respondents said that amortisation of goodwill would be **consistent with the accounting for other tangible and intangible assets** with finite useful lives.

Practical reasons (in order of prevalence) provided by respondents (cont'd):

- other practical reasons that respondents gave in support of reintroducing amortisation of goodwill included:
  - amortisation would take pressure off the impairment test because, for example, of the reduced size of unrecognised impairment losses;
  - impairment losses not recognised on a timely basis provide information of limited use; and
  - amortisation removes goodwill from the statement of financial position when the balance is no longer relevant or meaningful.

Reasons for retaining the impairment-only approach (1/2)

Summary of feedback

Conceptual reasons (in order of prevalence) provided by respondents:

- many respondents (mostly academics, national standard-setters and consultants) said **goodwill is not a wasting asset with a determinable useful life**–goodwill generates economic benefits over an indefinite period and amortising goodwill on a straight-line basis over an arbitrary number of years would undervalue the asset.
- **impairment losses provide users with more useful information than amortisation would**–many respondents said the impairment-only model provides better information than amortisation of goodwill would. For example some said recognition of impairment losses provides users with predictive or confirmatory information;

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Practical reasons (in order of prevalence) provided by respondents:

- reintroducing amortisation would **not resolve concerns that entities do not recognise impairment losses on a timely basis**–some respondents said amortisation would reduce the potential size of impairments and result in fewer and smaller impairments rather than improving the timeliness of impairment losses;
- **compelling evidence for a change has not been identified**–some respondents expressed concerns on whether reintroducing amortisation would lead to an overall improvement in the information provided to users; and

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Reasons for retaining the impairment-only approach (2/2)

Summary of feedback received

Conceptual reasons (in order of prevalence) provided by respondents (cont'd):

- many respondents said the **useful life of goodwill cannot be estimated reliably**–many said that because of difficulties of estimating the amortisation period any amortisation expense would be arbitrary.
- some respondents said the impairment-only model helps **hold management accountable** better than amortisation would–for example with an amortisation charge it would be impossible to distinguish between high performing entities and underperforming entities, preventing users from distinguishing between good and bad managers.

Practical reasons (in order of prevalence) provided by respondents (cont'd):

- a few respondents said reintroducing amortisation would **not significantly reduce costs** for preparers.

Impairment test of cash-generating units containing goodwill

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Impairment test of cash generating units containing goodwill (1/2)

Feedback from the 2015 PIR	Stakeholders said that impairment losses on goodwill are sometimes recognised too late and that the impairment test is complex, time-consuming and requires significant judgement.
Board's views in the 2020 DP	The Board identified two broad reasons for concerns about the possible delay in recognising impairment losses on goodwill: • management over-optimism—the Board considered the risk of over-optimism to be unavoidable, given the nature of the estimates required and that if estimates are too optimistic, this is best addressed by auditors and regulators, not by changing IFRS Standards; • shielding—the Board considered introducing a different impairment test that incorporates the headroom into the carrying amount of cash-generating units (CGUs) containing goodwill ('headroom approach'). However, the Board concluded that the 'headroom approach' would reduce, but not eliminate, shielding.

Impairment test of cash generating units containing goodwill (2/2)

Board's views in the 2020 DP

The Board's preliminary view was that it is not feasible to design a different impairment test that is significantly more effective than the impairment test in IAS 36 *Impairment of Assets* at a reasonable cost.

To reduce cost and complexity the Board's preliminary view is to:

- provide relief from the mandatory annual quantitative impairment test of CGUs containing goodwill, thereby leaving only an indicator-based test;
- allow an entity to use post-tax cash flows and post-tax discount rates in estimating value in use (VIU); and
- remove restrictions on including in estimates of VIU cash flows arising from a future restructuring to which an entity is not yet committed or from improving or enhancing an asset's performance.

The Board also considered other simplifications but eventually decided not to pursue them.

Feedback received – Is it possible to design a different impairment test?

Overall message

Most respondents agreed with the Board's preliminary view that **it is not feasible to design a different impairment test** that is significantly more effective than the existing impairment at a reasonable cost.
However, many respondents suggested ways to **improve the application** of the impairment test in IAS 36.

Summary of feedback

Respondents who agreed said:

- the 'headroom approach' would increase costs and complexity for preparers but would only reduce shielding rather than eliminating it.
- many of these respondents also said that, for this reason, the Board should reintroduce amortisation.
- the test is wrongly considered not robust enough because the purpose of the impairment test is misunderstood and it is unrealistic to expect impairment losses to be recognised without delay.

Respondents who disagreed said:

- there are ways to improve the impairment test, including the headroom approach or other similar approaches, other approaches or a full review of IAS 36.

Improve the application of the impairment test

Summary of feedback

- Many respondents suggested **possible improvements** to the impairment test, that address:
  - **Management over-optimism**;
    - assumptions used—for example, providing guidance on internal consistency between assumptions or consistency between an entity's assumptions and external evidence;
    - disclosure requirements—for example, requiring entities to disclose a comparison of forecasts prepared for the impairment test in prior years with actual cash flows;
  - **Shielding**:
    - reconsidering the level at which the test is performed—for example, providing guidance on what is meant by 'monitoring' goodwill or amending the reference to operating segment;
    - allocation of goodwill—adding guidance on how to identify CGUs;
  - **Other aspects of IAS 36**, including:
    - permitting an entity to reverse an impairment loss on goodwill;
    - improving the list of indicators of impairment included in IAS 36.

Feedback received – simplifying the impairment test

Overall message	**Most respondents**, including some preparers, **did not support** the Board's preliminary view that it should provide relief from the annual quantitative impairment test of CGUs containing goodwill. **Respondents generally welcomed** the Board's preliminary views on simplifying and improving how to estimate **value in use**

Summary of feedback

- Most respondents disagreed with removing the requirement for a mandatory annual quantitative impairment test of CGUs containing goodwill. Many of them expressed concern that any cost savings would not outweigh the resulting reduction of the effectiveness and robustness of the test.

- Many respondents agreed that the Board should allow an entity to use post-tax cash flows and post-tax discount rates in estimating VIU and with removing from IAS 36 restrictions on including in estimates of VIU cash flows arising from a future restructuring to which an entity is not yet committed or from improving or enhancing an asset's performance.

Relief from the annual quantitative impairment test

Summary of feedback

Respondents who agreed said:

- The proposal would **reduce costs** associated with performing the impairment test without reducing its robustness. An analysis of indicators of impairment would be less costly than an annual quantitative impairment test, which often involves paying a third-party valuation firm to determine the recoverable amount of the CGU.
- The **benefits of performing an impairment test when there are no indications of impairment are minimal**. Performing analysis to identify triggers for impairment would not reduce the robustness of the test.

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Respondents who disagreed said:

- They are concerned that removing the annual quantitative test would **reduce the effectiveness and robustness** of the impairment test.
- Some respondents said that the **cost reduction would be relatively marginal**, because:
  - preparers would continue to perform the test annually as part of an internal governance process or they would still need to assess whether a quantitative test is required.
  - inputs are often used for other internal purposes.
  - the costs of performing the test regularly are not excessive compared to the potential additional costs of setting up an impairment test model when it has not been prepared for a long time.

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Relief from the annual quantitative impairment test

Summary of feedback

Respondents who agreed said (cont'd):

- A few respondents said that the relief from the annual quantitative test **would not reduce the robustness of the impairment test** of CGUs containing goodwill.

Respondents who disagreed said (cont'd):

- Many respondents that disagreed said their response to this preliminary view **depends on the Board's decision on whether to reintroduce amortisation of goodwill**. They said that an indicator-only approach to testing CGUs containing goodwill for impairment should be introduced only if amortisation of goodwill is reintroduced.

VIU changes

Summary of feedback

Respondents who agreed said:

- The preliminary view **reduces the cost and complexity** of the impairment test without compromising significantly the decision usefulness of the information provided;
- The preliminary view **aligns information** used in the impairment test with information approved and used internally, without the need of hypothetical adjustments solely for the purpose of the impairment test;
- There are no **conceptual reasons** for excluding some cash flows from VIU and not from FVLCD, and the cash flows would better reflect the expected performance of the asset or cash-generating unit;
- In practice, entities **already use** post-tax discount rates which are mechanically converted to pre-tax rates solely to meet disclosure requirements.

Respondents who disagreed said the Board's preliminary view would:

- **Reduce the robustness** of the impairment test and make it more difficult to challenge for auditors and regulators because of the significant level of judgement involved in assessing whether assumptions are reasonable and supportable;
- Provide **limited reduction in costs** because of the burden of gathering information to prove that the assumptions are reasonable and supportable;
- Further delay the recognition of impairment losses because it would increase the risk that management may use inputs that are too optimistic; and
- **Lack a conceptual basis** for the change because cash flows from future restructurings or from enhancements to an asset's performance are not cash flows from the asset in its current condition.

Improving disclosures about business combinations

Subsequent performance of business combinations

Feedback from the 2015 PIR	Users of financial statements do not get information to help them assess how well a business combination is performing after the acquisition date.

Board’s views in the 2020 DP	Add a requirement to disclose:
	• in the year in which a business combination occurs:
	    • the strategic rationale and objective for a business combination;
	    • the metrics that management will use to monitor whether the objectives of the business combination are being met;
	• in subsequent periods, the extent to which management’s objectives for the business combination are being met using those metrics.
	Make targeted improvements to disclosure requirements, eg requiring quantitative information about expected synergies.

Feedback received

Overall message

Many respondents, including almost all users, agreed with the Board's preliminary views. However, many respondents, including almost all preparers, disagreed. Those respondents identified practical challenges with the Board's preliminary view.

Summary of feedback

- Many respondents said information about the performance of business combinations should be provided in an entity's **management commentary rather than financial statements.**
- Most preparers disagreed with the Board's preliminary views because they expect the **costs of the disclosures to outweigh the benefits:**
  - **Monetary costs:** for example, costs of collecting and auditing the information; and
  - **Proprietary costs:** for example from disclosing information some consider to be commercially sensitive and potential litigation from disclosing information some consider to be forward-looking.
- Some respondents, mainly in Europe, were also concerned that the required disclosure will put entities applying IFRS Standards at a disadvantage compared to other entities, notably those applying US GAAP.

Location of the information

Summary of feedback

Respondents who agreed said:

- The Board should require this information in financial statements because:
  - the Board has **no ability** to require the information to be provided in management commentary and including these disclosure requirements in a non-mandatory practice statement on management commentary may not effectively address the lack of information on the subsequent performance of business combinations.
  - Requiring this information in **one location** is helpful for users of financial statements.

Respondents who disagreed said:

- Information about management's strategy, targets and the progress in meeting those targets should be located in management commentary for three reasons:
  - **conceptual reasons**—the information is of a type that belongs in management commentary and not financial statements;
  - **practical reasons**—placing information in management commentary would: (i) enable entities to benefit from 'safe-harbour' protections from potential litigation and (ii) help resolve concerns about the auditability of management's targets;
  - to **avoid duplication** of information.

Commercial sensitivity

Summary of feedback

Respondents who agreed said:

- Entities are not required to provide information that is so detailed that it would be commercially sensitive.
- There is a difference in expectation between users and preparers about the **level of detail of the information required**.
- Some respondents (including most users, some accounting firms, accounting bodies, regulators, and a few preparers) said that they expect preparers would be able to provide the information described in the DP in a way that is not commercially sensitive.
- Quantitative information about strategic rationale and objectives is often **provided in other published material** (eg press releases).

Respondents who disagreed said:

- Commercial sensitivity is the **main practical barrier** to disclosing the information identified in the preliminary views.
- Information most likely to be commercially sensitive is quantitative information about **management's targets**. This is because such information could provide third parties with detailed information on the entity's cost structure, how it prices deals and future restructuring plans.

Forward-looking information

Summary of feedback

Respondents who agreed said:

- Some respondents, including some regulators, national standard-setters and accounting bodies, agreed with the Board's preliminary views that the required disclosure is not forward-looking because it relates to **historical information**, such as the assumptions that management made at the time of the business combination which underpinned the price the acquiring entity's management were willing to pay to acquire the business.

Respondents who disagreed said:

- Providing such information in the financial statements:
  - might result in increased litigation or regulatory risk for an entity if management's targets are not subsequently met;
  - would not allow entities to benefit from 'safe harbour' protections in some jurisdictions;
  - would be difficult to audit.

Integration

Summary of feedback

Respondents who agreed said:

- A few national standard-setters and users said that they do not expect integration to be a problem because the entity would provide information on an **integrated basis** rather than for the stand-alone acquired business.

Respondents who disagreed said:

- Many preparers, some national standard-setters and a few accounting firms expressed concerns that integration might prevent an entity from providing required disclosures because:
  - it may be **costly or not possible** to provide information about the acquired business as a stand-alone entity if it is quickly integrated into the entity's existing business.
  - information about the acquired business on a stand-alone basis may be **misleading** to users because it does not reflect the objective of the business combination.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination

Feedback from the 2015 PIR	A question was asked about the cost-benefit trade-off of separate recognition of all identifiable intangible assets acquired in a business combination: • some investors expressed concerns about the usefulness of the information provided; • other stakeholders said identifying and measuring some of those identifiable intangible assets could be complex, subjective and costly.
Board's views in the 2020 DP	The Board's preliminary view is that it should not develop a proposal to change the recognition criteria for identifiable intangible assets acquired in a business combination. The Board found no compelling evidence that existing requirements should be amended.

Feedback received

Overall message

Most respondents agreed with the Board's preliminary view that it should not develop proposals to change the recognition criteria for identifiable intangible assets acquired in a business combination.

Summary of feedback received

- Those who agreed with the Board's preliminary view said that **separate recognition of these intangible assets provides useful information** and they did not see a need for change.
- However, a few of these respondents said if the Board reintroduces amortisation of goodwill, it should also, on cost-benefit grounds, consider including some identifiable intangible assets acquired in a business combination in goodwill. In these respondents' view, if the same subsequent accounting approach is applied to both goodwill and these intangible assets, it would be no longer necessary to recognise those intangible assets separately.
- Some respondents, including some users, disagreed with the Board's preliminary view for various reasons. In their view, **separately recognising acquired intangible assets does not provide useful information** and the costs of doing so outweigh the benefits.

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Intangible assets acquired in a business combination

Summary of feedback received

(cont'd)

- A few respondents suggested the Board undertake a wider scope project to allow entities to **recognise more intangible assets**, including internally generated intangible assets. In their view, this would allow users to more easily compare the financial performance of entities that grow organically with entities that grow mainly through acquisitions.
- Some respondents also made other suggestions for the accounting of intangible assets. These suggestions included:
  - providing better guidance on how entities should recognise intangible assets acquired in a business combination; and
  - requiring entities to provide better disclosures about intangible assets (such as: details about intangible assets generated internally by the entity that were not recognised; disclosing intangible assets generated internally by the entity separately from intangible assets acquired in a business combination; and
  - how the entity values its acquired intangible assets.

Convergence with US GAAP

Convergence with US GAAP

Feedback from the 2015 PIR	Convergence with US GAAP as it exists today, is an important benefit of the existing guidance in IFRS 3 on the subsequent accounting of goodwill. The increased alignment between US GAAP and IFRS Standards made transaction negotiations and structuring between different parts of the world easier.
Board's views in the 2020 DP	The Board asked respondents whether their responses depend on whether the outcome is consistent with US GAAP.

Feedback received

Overall message

Most of those respondents commenting said that convergence on this topic with US GAAP was **desirable**.
However, many respondents said that their view on subsequent accounting of goodwill did not depend on maintaining convergence.

Summary of feedback

Respondents who said convergence is desirable said:

- The Board and the FASB should work collaboratively together.
- Some respondents said maintaining convergence was more important than determining what the converged approach should be.
- Some respondents said convergence was important but it was unclear whether they would change their views on whether to reintroduce amortisation in order to achieve or maintain convergence.

Respondents who said convergence is desirable said:

- Many respondents said their views on whether to reintroduce amortisation would not change or that the Board should make its own decision rather than changing IFRS Standards solely to maintain convergence if that would not improve IFRS Standards.

Next steps

Next steps

September 2021

Location and feasibility of disclosures

Decision on whether to reintroduce amortisation and whether amortisation is linked to other aspects of the Board's preliminary view

Feasibility of changing the impairment test or improving its application

Priority of future Board discussion on project topics

Timing and content depends on previous Board decisions

Disclosures	Goodwill	Other
Overarching 1) Location and overall balance of disclosures 2) Practical feasibility	Effectiveness of impairment test 1) Change impairment test 2) Improve impairment test	Intangible assets 1) Changing recognition of intangible assets 2) If so, what intangible assets?
Subsequent performance 1) Use of management approach 2) Time period for disclosure 3) Other considerations	Amortisation 1) Transition 2) Amortisation pattern and period 3) Other—eg disclosures	Total equity excluding goodwill 1) Whether to proceed with this idea
Synergies 1) Definitions 2) Other components of goodwill	Impairment test simplifications 1) Proceed with changes 2) Other simplifications	Other 1) Other topics suggested by respondents
Other 1) Contribution of acquired business 2) Debt and defined pension liabilities		

Key

Board decision

Board discussion

- In June 2021 the Board decided not to change the project's objective and scope at this stage.
- In September 2021 the staff plan to ask the Board for an initial decision on whether to reintroduce amortisation of goodwill. This decision might be affected by:
  - the project objective;
  - dependencies between project topics; and
  - analysis of feedback and knowledge sharing at joint FASB-IASB meeting.
- The Board's decision on amortisation will inform the prioritisation of future redeliberations.

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