

## STAFF PAPER

May 2021

IASB<sup>®</sup> meeting

Project	Goodwill and Impairment		
Paper topic	Cover paper		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS<sup>®</sup> Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB<sup>®</sup> *Update*.

## Introduction and purpose of this meeting

1. The International Accounting Standards Board (Board) published its Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment* in March 2020, with a comment letter deadline of 31 December 2020.
2. The purpose of this meeting is to provide the Board with a summary of the feedback on particular aspects of the Discussion Paper—on the effectiveness of the impairment test, whether to reintroduce amortisation of goodwill, simplifying the impairment test, and other topics in the Discussion Paper. The staff also provide the Board with a summary of academic evidence related to topics in the Discussion Paper and the plan for redeliberating the Goodwill and Impairment project proposals.
3. The staff will discuss the following papers:
  - (a) Agenda Paper 18A—Feedback overview<sup>1</sup>
  - (b) Agenda Paper 18B—Effectiveness of the impairment test<sup>2</sup>
  - (c) Agenda Paper 18C—Subsequent accounting for goodwill<sup>2</sup>
  - (d) Agenda Paper 18D—Simplifying the impairment test
  - (e) Agenda Paper 18E—Other topics

<sup>1</sup> This paper is unchanged from Agenda Paper 18A to the Board's March 2021 meeting except for the removal of the question for the Board.

<sup>2</sup> These papers are unchanged from Agenda Papers 18E and 18F to the Board's April 2021 meeting except for some minor editorial changes that have been highlighted within the papers.

- (f) Agenda Paper 18F—Academic evidence
- (g) Agenda Paper 18G—Redeliberations plan

### Quantifying feedback received

4. In Agenda Papers 18A–18G to this meeting the staff will use the following terms to quantify the feedback of respondents:

Term	Description
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

### Discussion Plan

5. At the Board’s June 2021 meeting the staff plan to provide the Board with a staff analysis of:
- (a) the project’s objective and scope;
  - (b) whether the Board’s proposed disclosures belong in financial statements and the feasibility of those disclosures if so;
  - (c) whether it is possible to improve the impairment test of cash-generating units containing goodwill or the application of it; and
  - (d) whether the Board should reintroduce amortisation of goodwill.
6. The staff plan to ask the Board for a decision only on the project’s objective and scope in that meeting. The remaining papers will be educational in nature and the Board will not be asked to make decisions.