
FASB | IASB Joint Education Meeting

Date	September 2022
Project	Goodwill and Impairment (IASB) and Identifiable Intangible Assets and Subsequent Accounting for Goodwill (FASB)
Topic	Cover Paper
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This paper has been prepared for discussion at a public educational meeting of the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). It is not intended to represent the views of the boards or any individual member of either board or the staff. Comments on the application of IFRS[®] Accounting Standards or US GAAP do not purport to set out acceptable or unacceptable application of IFRS Accounting Standards or US GAAP. Tentative technical decisions are made in public and reported in FASB Action Alert or in IASB *Update*. Official positions of the FASB or the IASB are determined after extensive due process and deliberations.

Purpose of this paper

1. The International Accounting Standards Board (IASB) has, and the Financial Accounting Standards Board (FASB) had, on their respective agendas projects covering the accounting for goodwill and intangible assets acquired in a business combination.
2. The purpose of this meeting is to provide an opportunity for FASB and IASB members to discuss:
 - (a) The status of the respective projects;
 - (b) The subsequent accounting for goodwill—including the FASB’s progress with developing an amortisation-with-impairment model and recent decision to deprioritise and remove the project from its technical agenda, and the IASB’s research on this topic; and
 - (c) The redeliberations of the IASB in relation to disclosures about business combinations.
3. The IASB and the FASB are not being asked to make decisions at this meeting.

Structure of the Paper

4. The paper is structured as follows:
 - (a) Project backgrounds and statuses (paragraphs 5–13);
 - (b) Papers for this meeting (paragraph 14); and
 - (c) Questions for the boards.

Project objectives, scopes and statuses

5. We provide information about the objective, scope and status of the:
 - (a) IASB’s project on Goodwill and Impairment (paragraphs 6–10); and

- (b) FASB's project on Identifiable Intangible Assets and Subsequent Accounting for Goodwill (paragraphs 11–13).

IASB project

6. The objective of the IASB's project is to explore whether entities can, at a reasonable cost, provide users of financial statements with more useful information about the business combinations those entities make.
7. The IASB project includes consideration of:
 - (a) Disclosures about business combinations;
 - (b) The accounting for goodwill, including:
 - (i) The effectiveness of the impairment test in IAS 36 *Impairment of Assets*;
 - (ii) Whether to reintroduce amortisation of goodwill; and
 - (iii) Simplifications to the impairment test in IAS 36; and
 - (c) Other areas of the accounting for business combinations, for example whether to change the range of identifiable intangible assets recognised separately from goodwill in a business combination.
8. The IASB's project is in the research phase. In September 2022 the IASB is expected to decide on whether to proceed with its preliminary views to add requirements for entities to disclose information about the subsequent performance of business combinations and quantitative information about expected synergies.
9. In Q4 2022 the IASB is expected to decide on whether to:
 - (a) proceed with the preliminary view to retain the impairment-only model to account for goodwill; and
 - (b) move the project from the research phase to the standard-setting phase.
10. After those tentative decisions we will ask the IASB to tentatively decide on other aspects of the project, such as the effectiveness of and simplifications to the impairment test in IAS 36 and the recognition of intangible assets acquired in a business combination.

FASB project

11. The objective of the FASB's project was to revisit the subsequent accounting for goodwill and identifiable intangible assets broadly for all entities. This included considerations for improving the decision usefulness of the information and rebalancing the cost-benefit factors.
12. The FASB deliberated and provided leanings on the following topics:
 - (a) The amortisation of goodwill
 - (b) The goodwill impairment model
 - (c) Accounting for identifiable intangible assets

- (d) Presentation of goodwill amortisation and impairment losses in the financial statements
13. On 15 June 2022 the FASB reviewed the package of leanings provided to date, considered their holistic effect on benefits and costs, and decided to deprioritise and remove its project from its technical agenda.

Papers for the meeting

14. This cover paper accompanies the following Agenda Papers:
- (a) *Agenda Paper 18A—Identifiable Intangible Assets and Subsequent Accounting for Goodwill.* This paper summarises FASB member leanings related to the topics listed in paragraph 12 of the cover paper, FASB member observations about those leanings, and the reasons why the FASB decided to deprioritise and remove the project from its technical agenda.
 - (b) *Agenda Paper 18B—Business Combinations—Disclosures, Goodwill and Impairment—Subsequent accounting for goodwill.* This paper summarises the IASB’s preliminary views on the subsequent accounting for goodwill, feedback on those preliminary views and the IASB’s additional research on particular aspects of the feedback.
 - (c) *Agenda Paper 18C—Business Combinations—Disclosures, Goodwill and Impairment—Disclosures about business combinations.* This paper summarises the IASB’s preliminary views on disclosures about business combinations, feedback on those preliminary views and additional research.
 - (d) *Agenda Paper 18D—Business Combinations—Disclosures, Goodwill and Impairment—Staff examples.* This paper includes staff examples illustrating the IASB’s preliminary views on disclosures about business combinations.
 - (e) *Agenda Paper 18E—Business Combinations—Disclosures, Goodwill and Impairment—September 2022 decisions on disclosures about business combinations.* This paper includes the IASB’s tentative decisions made at its September 2022 meeting on disclosures about business combinations. The paper will be posted after the September 2022 IASB meeting.

Questions

Question 1—FASB project

Do FASB or IASB members have any questions or comments on Agenda Paper 18A?

Question 2—IASB project—subsequent accounting for goodwill

Do FASB or IASB members have any questions or comments on Agenda Paper 18B?

Question 3—IASB project—disclosures about business combinations

Do FASB or IASB members have any questions or comments on Agenda Papers 18C–18E?