
IASB[®] meeting

Date **December 2025**

Project **Business Combinations—Disclosures, Goodwill and Impairment**

Topic **Cover Paper**

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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Introduction and purpose

1. The Exposure Draft [*Business Combinations—Disclosures, Goodwill and Impairment*](#) (Exposure Draft) included proposals to amend IFRS 3 *Business Combinations* to require entities to disclose performance and expected synergy information. The Exposure Draft also proposed targeted amendments to IAS 36 *Impairment of Assets* to improve the effectiveness and reduce cost and complexity of the impairment test.
2. The purpose of this meeting is to provide the International Accounting Standards Board (IASB) with our analysis of feedback on:
 - (a) the proposal to make targeted changes to IAS 36 to improve how entities allocate goodwill to cash-generating units (CGUs)—Agenda Paper 18A; and
 - (b) which items of information the proposed exemption from some disclosure requirements in the Exposure Draft should apply to and some related clarification requests—Agenda Paper 18B.
3. The agenda papers for this month's meeting ask the IASB for:
 - (a) Agenda Paper 18A (Allocating goodwill to CGUs)—tentative decisions to retain the proposal with some wording changes; and

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- (b) Agenda Paper 18B (Exemption—which items of information)—your comments and questions on our analysis of feedback and initial views.

Update and next steps

4. This meeting concludes our initial analysis of feedback on the proposals in the [Exposure Draft](#) except for feedback on the proposals for subsidiaries without public accountability and transition.
5. In line with the redeliberation plan outlined in [Agenda Paper 18G](#) for the IASB's January 2025 meeting and the next steps discussed in recent IASB meetings, we have been consulting on various aspects of our initial analysis. We will report feedback from those consultations to the IASB and present our updated analysis and views in future IASB meetings.
6. As paragraph 8 of the redeliberation plan outlined in [Agenda Paper 18G](#) for the IASB's January 2025 meeting explains, we recognise the strong interdependencies between various aspects of the proposed requirements relating to performance expected synergy information. When relevant, we plan to ask the IASB to consider those proposed requirements collectively when deciding whether to proceed with, and whether and how to amend details of, the proposals.
7. We will ask the IASB to redeliberate other proposals as and when time permits.

Appendix A—Summary of discussions and tentative decisions

A1. This table summarises the Exposure Draft proposals, respondents' feedback and the IASB's discussions and tentative decisions during redeliberations.

Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
(a) Objective	The project's objective is to explore whether an entity can, at a reasonable cost, provide users with more useful information about business combinations.	Although not specifically asked, some respondents provided feedback on the objective, of which most agreed, and some expressed concerns about whether the proposals go far enough.	February 2025 : the IASB tentatively decided to retain the project objective but to adjust its wording to reflect the stage of the project.
(b) Whether to require performance and expected synergies information	<p>Disclose performance and expected synergies information in financial statements.</p> <p>The specific information proposed is shown in rows below.</p>	<p>There were divergent views. In particular, almost all users confirmed the need for the information and most preparers continued to disagree with requiring the information in financial statements.</p> <p>Respondents who disagreed</p>	<p>September 2025: the IASB discussed usefulness of performance and expected synergy information.</p> <p>The IASB also discussed:</p> <p>(a) conceptual reasons—the IASB discussed conceptual reasons in March 2025. The IASB tentatively decided to continue to redeliberate the proposed</p>

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		<p>generally gave the following common reasons:</p> <ul style="list-style-type: none"> (a) conceptual reasons; (b) auditability and expectations gap; (c) commercial sensitivity and litigation risks arising from disclosure of forward-looking information; and (d) monetary costs and other concerns. 	<p>requirements for an entity to disclose performance and expected synergy information.</p> <ul style="list-style-type: none"> (b) commercial sensitivity and litigation risks—the IASB had an initial discussion in June 2025 but did not make any tentative decisions. The staff will consult on specific aspects before asking the IASB for tentative decisions. (c) auditability and expectations gap— the IASB had an initial discussion in July 2025. The staff will consult on specific aspects before asking the IASB for tentative decisions. (d) monetary costs and other concerns—the IASB had an initial discussion in September 2025 but did not make any tentative decisions. The staff will

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			consider costs as part of the cost-benefit trade-off.
(c) Performance information—subset	Disclose performance information for only a subset of material business combinations—referred to as strategic business combinations—identified by quantitative and qualitative thresholds.	<p>Respondents generally supported a subset approach. However:</p> <ul style="list-style-type: none"> (a) many agreed with a threshold approach but many others suggested a principles-based approach; (b) most disagreed with at least one of the proposed thresholds; and (c) some expressed concerns about the term ‘strategic’. 	<p>April 2025: the IASB had an initial discussion but did not make any tentative decisions. The staff will consult on specific aspects before asking the IASB for tentative decisions.</p>
(d) Performance information—management approach and other feedback	Disclose performance information based on the information reviewed by the entity’s key management personnel (KMP), including:	<ul style="list-style-type: none"> (a) Most respondents agreed with disclosing KOTs based on the information reviewed by KMP and some respondents disagreed; and 	<p>October 2025: the IASB had an initial discussion but did not make any tentative decisions.</p>

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	<p>(a) acquisition-date key objectives and related targets (KOTs); and</p> <p>(b) the extent to which those KOTs are being met in subsequent periods, for as long as KMP review that information.</p>	<p>(b) many respondents agreed with disclosing information for as long as KMP review, some respondents disagreed and some did not comment.</p>	<p>The staff will consult on specific aspects before asking the IASB for tentative decisions.</p>
(e) Expected synergy information	<p>Information about expected synergies for each business combination including:</p> <p>(a) a description of expected synergies by category; and</p> <p>(b) for each category:</p> <ul style="list-style-type: none"> (i) the estimated amounts; (ii) the estimated costs; and (iii) the expected timing. 	<p>Some respondents (including most users and user groups) agreed but most respondents (including almost all preparers and preparer groups and accounting firms) disagreed.</p>	<p>October 2025: the IASB had an initial discussion but did not make any tentative decisions.</p> <p>The staff will consult on specific aspects before asking the IASB for tentative decisions.</p>
(f) Exemption from some disclosure requirements	<p>An entity would be exempt from disclosing expected synergy information and some aspects of</p>	<p>Almost all respondents agreed with having an exemption but many said the exemption should</p>	<p>June 2025: the IASB had an initial discussion but did not make any tentative decisions.</p>

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	performance information if doing so can be expected to prejudice seriously the achievement of any of the entity's acquisition-date key objectives for the business combination. The Exposure Draft also proposed application guidance to accompany the exemption.	be expanded to cover other situations in which information would be so commercially sensitive that it should not be disclosed in financial statements.	<p>The staff will consult on specific aspects before asking the IASB for tentative decisions.</p> <p>December 2025: Which items of information the exemption applies to and some related clarification requests to be discussed at this meeting.</p>
(g) Other IFRS 3 disclosures	<p>Amendments including:</p> <p>(a) to add two new disclosure objectives;</p> <p>(b) to require disclosure of the 'strategic rationale' instead of 'primary reasons' for a business combination; and</p> <p>(c) to specify that for the information about the contribution of an acquired business:</p>	<p>(a) Almost all respondents agreed;</p> <p>(b) almost all respondents agreed; and</p> <p>(c) for the contribution of an acquired business:</p> <p>(i) most respondents agreed;</p> <p>(ii) most respondents agreed; and</p>	<p>May 2025: the IASB tentatively decided:</p> <p>(a) to retain the proposed disclosure objectives to guide its redeliberations;</p> <p>(b) to retain the proposal; and</p> <p>(c) for the contribution of an acquired business:</p> <p>(i)–(ii) to retain the proposals; and</p> <p>(iii) to instead require an entity to disclose the basis on which it</p>

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	<ul style="list-style-type: none"> (i) the amount of profit or loss is the amount of 'operating' profit or loss; (ii) application guidance would not be provided; and (iii) the basis for preparing the information is an accounting policy. 	(iii) many agreed but many disagreed.	prepared combined entity information.
(h) Restructuring and asset enhancement cash flows	Remove the requirement to exclude restructuring and asset enhancement cash flows when calculating value in use (VIU) of an asset or a cash-generating unit (CGU).	Many respondents agreed but many others disagreed.	July 2025 : the IASB had an initial discussion but did not make any tentative decisions. The staff will consult on specific aspects before asking the IASB for tentative decisions.
(i) Allocating goodwill to CGUs	Targeted changes to IAS 36 to improve how entities allocate goodwill to CGUs and therefore reduce shielding.	Many respondents agreed but many others disagreed (including almost all respondents who suggest reintroducing amortisation of goodwill).	To be discussed at this meeting.

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(j) Segment disclosure	Disclose in which reportable segment a CGU (or group of CGUs) containing goodwill is included.	Most respondents agreed and some disagreed.	July 2025 : the IASB tentatively decided to require an entity to disclose the reportable segment in which a cash-generating unit or group of cash-generating units containing goodwill is included.
(k) Post-tax cash flows and discount rates	Remove the requirement to use pre-tax cash flows and discount rate when calculating VIU.	Almost all respondents agreed and a few disagreed.	July 2025 : The IASB tentatively decided: (a) to remove the requirement for an entity to use pre-tax cash flows and a pre-tax discount rate for calculating value in use; and (b) to require an entity to disclose whether the discount rate used in calculating value in use is pre-tax or post-tax.
(l) Subsidiaries without public accountability	To require an eligible subsidiary to disclose: (a) expected synergy information; (b) the strategic rationale for a business combination;	(a) Many respondents agreed but many others disagreed. Most of the respondents who disagreed also disagreed with disclosing expected synergy	To be discussed at a future meeting.

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	(c) information about the contribution of the acquired business; and (d) whether the discount rate used in an impairment test is pre-tax or post-tax.	information more generally for all entities. (b–d) most respondents agreed.	
(m) Transition	(a) To require entities already applying IFRS Accounting Standards to apply the amendments prospectively with earlier application permitted; and (b) no transition relief for first-time adopters.	(a) Most respondents agreed and some disagreed, particularly with the proposed transition requirements for IAS 36; and (b) most respondents agreed and some disagreed.	To be discussed at a future meeting.