
IASB[®] meeting

Date **July 2025**
Project **Business Combinations—Disclosures, Goodwill and Impairment**
Topic **Cover Paper**
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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 auditability of performance and expected synergy information and a possible audit expectation gap—Agenda Paper 18A;
 - (b) the proposal to remove the requirement to exclude cash flows from uncommitted future restructurings and asset enhancements when calculating value in use (VIU) of an asset or a cash-generating unit (CGU)—Agenda Paper 18B; and
 - (c) the proposals to require an entity to disclose in which reportable segment a CGU containing goodwill is included and remove the requirement to calculate VIU on a pre-tax basis—Agenda Paper 18C.

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3. The agenda papers for this month's meeting ask the IASB for:
- (a) Agenda Paper 18A (Auditability and audit expectations gap)—your comments and questions on our analysis of feedback and initial views, including our plans to consult;
 - (b) Agenda Paper 18B (Restructuring and asset enhancement cashflows)—your comments and questions on our analysis, including our plans to consult; and
 - (c) Agenda Paper 18C (Other IAS 36 proposals)—tentative decisions to retain the proposals.

Update and next steps

4. As discussed at the IASB's April 2025 meeting, we have been consulting on aspects of feedback on the [Exposure Draft's](#) proposals to require an entity to disclose information about its performance of a business combination for only a subset of business combinations. We will present the feedback, our updated analysis and our recommendations at a future IASB meeting.
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 expect:
- (a) to consult on aspects of feedback on the [Exposure Draft's](#) proposals to exempt an entity from disclosing some performance and expected synergy information in specific situations (following the IASB's June 2025 meeting);
 - (b) the IASB to continue redeliberating other aspects of the requirements for an entity to disclose performance and expected synergy information; and
 - (c) 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
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.
Whether to require performance and expected synergies information	Disclose performance and expected synergies information in financial statements. The specific information proposed is shown in rows below.	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. Respondents who disagreed generally gave the following common reasons: (a) conceptual reasons;	March 2025 : the IASB discussed conceptual reasons. We plan to analyse the other reasons as we address each specific proposal. The IASB tentatively decided to continue to redeliberate

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		<ul style="list-style-type: none"> (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. 	the proposed requirements for an entity to disclose performance and expected synergy information.
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>
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) acquisition-date key objectives and related targets (KOTs); and 	<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 	To be discussed at a future meeting.

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	(b) the extent to which those KOTs are being met in subsequent periods, for as long as KMP review that information.	(b) many respondents agreed with disclosing information for as long as KMP review, some respondents disagreed and some did not comment.	
Expected synergy information	Information about expected synergies for each business combination including: (a) a description of expected synergies by category; and (b) for each category: (i) the estimated amounts; (ii) the estimated costs; and (iii) the expected timing.	Some respondents (including most users and user groups) agreed but most respondents (including almost all preparers and preparer groups and accounting firms) disagreed.	To be discussed at a future meeting.
Exemption from some disclosure requirements	An entity would be exempt from disclosing expected synergy information and some aspects of 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	Almost all respondents agreed with having an exemption but many said the exemption should be expanded to cover other situations in which information would be so commercially sensitive that it	June 2025 : the IASB had an initial discussion but did not make any tentative decisions. The staff will consult on specific aspects before

Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
	combination. The Exposure Draft also proposed application guidance to accompany the exemption.	should not be disclosed in financial statements.	asking the IASB for tentative decisions.
Other IFRS 3 disclosures	<p>Amendments including:</p> <ul style="list-style-type: none"> (a) to add two new disclosure objectives; (b) to require disclosure of the 'strategic rationale' instead of 'primary reasons' for a business combination; and (c) to specify that for the information about the contribution of an acquired business: <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. 	<ul style="list-style-type: none"> (a) Almost all respondents agreed; (b) almost all respondents agreed; and (c) for the contribution of an acquired business: <ul style="list-style-type: none"> (i) most respondents agreed; (ii) most respondents agreed; and (iii) many agreed but many disagreed. 	<p>May 2025: the IASB tentatively decided:</p> <ul style="list-style-type: none"> (a) to retain the proposed disclosure objectives to guide its redeliberations; (b) to retain the proposal; and (c) for the contribution of an acquired business: <ul style="list-style-type: none"> (i)–(ii) to retain the proposals; and (i) to instead require an entity to disclose the basis on which it prepared

Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
			combined entity information.
Restructuring and asset enhancement cashflows	Remove the requirement to exclude restructuring and 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.	To be discussed at this meeting.
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 a future meeting.
Segment disclosure	Disclose in which reportable segment a CGU (or group of CGUs) containing goodwill is included.	Most respondents agreed and some disagreed.	To be discussed at this meeting.
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.	To be discussed at this meeting.

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Subsidiaries without public accountability	To require an eligible subsidiary to disclose: (a) expected synergy information; (b) the strategic rationale for a business combination; (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.	(a) Many respondents agreed but many others disagreed. Most of the respondents who disagreed also disagreed with disclosing expected synergy information more generally for all entities. (b–d) most respondents agreed.	To be discussed at a future meeting.
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.