

---

**IASB<sup>®</sup> meeting**

Date **May 2025**  
Project **Business Combinations—Disclosures, Goodwill and Impairment**  
Topic **Cover paper**  
Contacts **Mislav Ljubicic (mislav.ljubicic@ifrs.org)**

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<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

---

**Introduction and purpose**

1. The Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* (Exposure Draft) included proposals to amend IFRS 3 *Business Combinations* disclosures:
  - (a) to require disclosure of performance and expected synergy information; and
  - (b) to add, amend and remove other disclosure requirements. This includes the proposals to:
    - (i) add new disclosure objectives (proposed paragraph 62A of IFRS 3);
    - (ii) replace the requirement in paragraph B64(d) of IFRS 3 to disclose the primary reasons for a business combination with a requirement to disclose the strategic rationale for a business combination;
    - (iii) amend paragraph B64(q) of IFRS 3 to improve the information users of financial statements (users) receive about the contribution of an acquired business;
    - (iv) improve the information entities disclose about pension and financing liabilities assumed in a business combination; and
    - (v) delete some disclosure requirements from IFRS 3.

- 
2. The purpose of this meeting is to provide the International Accounting Standards Board (IASB) with our analysis of feedback on the other disclosure requirements (those listed in paragraph 1(b) of this paper). [Agenda Paper 18A](#) to the IASB's January 2025 meeting (January agenda paper) summarises feedback on these proposals.
  3. Agenda Paper 18A for this month's meeting asks the IASB for tentative decisions on our recommendations. We note:
    - (a) in the light of the interrelationships between the proposed new disclosure objectives and the proposed disclosure requirements for performance and expected synergy information, our recommendation (and consequently, any tentative decision you make) on the proposed new disclosure objectives in IFRS 3 is only for the purpose of redeliberating the proposed performance and expected synergy disclosure requirements in future meetings. When the IASB has made most of its decisions about those requirements, we will analyse (and ask the IASB to decide) whether to retain or update the proposed disclosure objectives in the proposed Standard.
    - (b) whilst Agenda Paper 18A asks for tentative decisions on the other aspects of the disclosure proposals in paragraph 1(b), we will revisit the package of amendments towards the end of the redeliberations to assess whether the expected benefits of that package outweigh their costs. We will consider, at that time, if any adjustments are needed to any of the tentative decisions made at this stage.

## Next steps

4. In line with the redeliberation plan outlined in [Agenda Paper 18G](#) for the IASB's January 2025 meeting and the next steps discussed in [Agenda Paper 18](#) of the IASB's April 2025 meeting, we expect:
  - (a) to discuss with the IASB's consultative groups 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;

- (b) the IASB to continue redeliberating other aspects of the requirements for an entity to disclose performance and expected synergy information (expected from June 2025); 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.	<a href="#">February 2025</a> : 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;	<a href="#">March 2025</a> : 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

Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
		<ul style="list-style-type: none"> <li>(b) auditability and expectations gap;</li> <li>(c) commercial sensitivity and litigation risks arising from disclosure of forward-looking information; and</li> <li>(d) monetary costs and other concerns.</li> </ul>	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"> <li>(a) many agreed with a threshold approach but many others suggested a principles-based approach;</li> <li>(b) most disagreed with at least one of the proposed thresholds; and</li> <li>(c) some expressed concerns about the term ‘strategic’.</li> </ul>	<p><a href="#">April 2025</a>: 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"> <li>(a) acquisition-date key objectives and related targets (KOTs); and</li> </ul>	<ul style="list-style-type: none"> <li>(a) Most respondents agreed with disclosing KOTs based on the information reviewed by KMP and some respondents disagreed; and</li> </ul>	To be discussed at a future meeting.

Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
	(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	To be discussed at a future meeting.

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.	
Other IFRS 3 disclosures	<p>Amendments including:</p> <ul style="list-style-type: none"> <li>(a) to add two new disclosure objectives;</li> <li>(b) to require disclosure of the 'strategic rationale' instead of 'primary reasons' for a business combination; and</li> <li>(c) to specify that for the information about the contribution of an acquired business: <ul style="list-style-type: none"> <li>(i) the amount of profit or loss is the amount of 'operating' profit or loss;</li> <li>(ii) application guidance would not be provided; and</li> <li>(iii) the basis for preparing the information is an accounting policy.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>(a) Almost all respondents agreed;</li> <li>(b) almost all respondents agreed; and</li> <li>(c) for the contribution of an acquired business: <ul style="list-style-type: none"> <li>(i) most respondents agreed;</li> <li>(ii) most respondents agreed; and</li> <li>(iii) many agreed but many disagreed.</li> </ul> </li> </ul>	To be discussed at this meeting.
Restructuring and asset	Remove the requirement to exclude restructuring and enhancement cash flows	Many respondents agreed but many others disagreed.	To be discussed at a future meeting.

Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
enhancement cashflows	when calculating value in use (VIU) of an asset or a cash-generating unit (CGU).		
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 a future 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 a future meeting.
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	To be discussed at a future meeting.



Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
	(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.	synergy information more generally for all entities. (b–d) most respondents agreed.	
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.