
FASB | IASB Education Meeting

Date	3 October 2025
Project	Business Combinations—Disclosures, Goodwill and Impairment
Topic	Project update
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Summary of the Exposure Draft

Objective

- Improve information entities provide about their business combinations at a reasonable cost

Proposals

- A package of improved disclosure requirements in IFRS 3 *Business Combinations*
- Changes to the impairment test of cash-generating units containing goodwill in IAS 36 *Impairment of Assets*
- Appendix A provides a brief overview of the proposals

Better information for better decisions

– increases transparency and usefulness of information

Feedback overview

Overall project objective

General agreement with objective of providing users with better information about business combinations. However, some concerns about whether proposals go far enough, particularly to address ‘too little, too late’. Some continue to suggest reintroduction of amortisation for goodwill.

Performance and expected synergy information

- Feedback from users confirmed the information is useful. Many preparers acknowledged users’ need for information and steps taken by the IASB to mitigate concerns but continued to disagree with requiring the information in financial statements.
- The main concerns related to conceptual concerns, auditability and expectations gap, commercial sensitivity and litigation risk for forward-looking information and monetary costs.
- Respondents generally agreed with requiring performance information for only a subset of material business combinations but had mixed views on how to determine that subset.
- Respondents supported exempting an entity from disclosing information but had mixed views on whether and how to extend or refine the scope of the exemption. There were also requests for additional application guidance/ illustrative examples.

Impairment

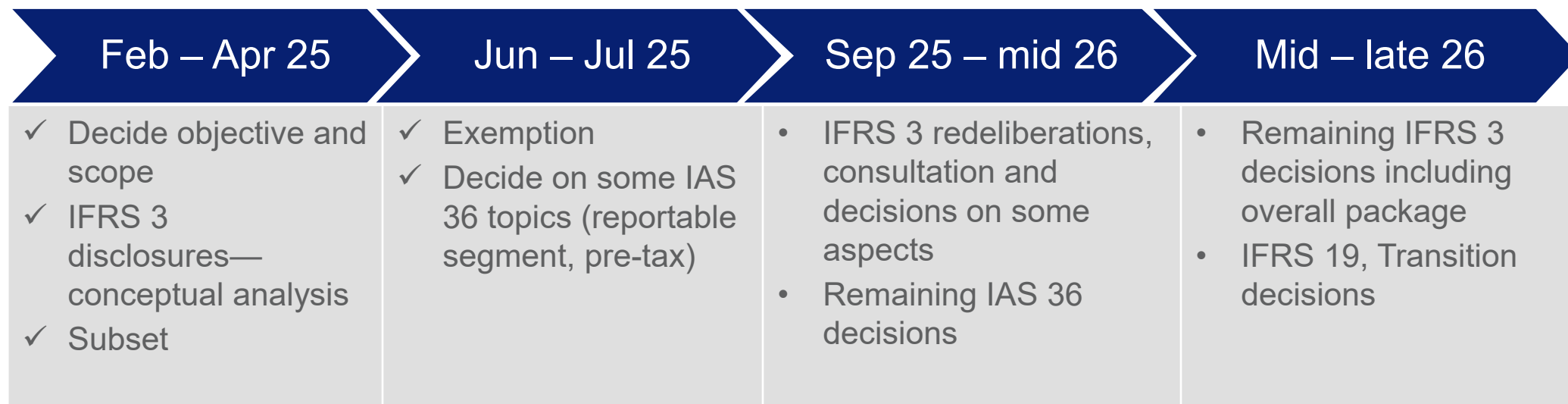
- General support for clarifying how an entity allocates goodwill to a cash-generating unit (CGU). However, some respondents said this proposal will not have a significant effect.
- Most respondents supported including restructuring/ asset enhancement cash flows in value in use (VIU) calculation. However, some disagreed and said the change will make VIU model very similar to fair value less cost of disposal model.
- Most respondents agreed with disclosing segment allocation of goodwill. However, some said this will have limited impact.
- Almost all respondents supported allowing the use of post-tax cash flows.

Current status

- The IASB is redeliberating the proposals in the Exposure Draft. Because of interrelationships between the different aspects of the proposals, it expects to make decisions on the proposals requiring entities to disclose performance and expected synergy information towards the end of the redeliberations—that is, after completing our analysis and consultation on these topics.
- We are consulting on aspects of feedback on the Exposure Draft's proposals (for example, auditability and situations in which to exempt an entity from disclosing some performance and expected synergy information).

Next steps and project timeline*

- The IASB will continue redeliberating the proposals in the Exposure Draft.



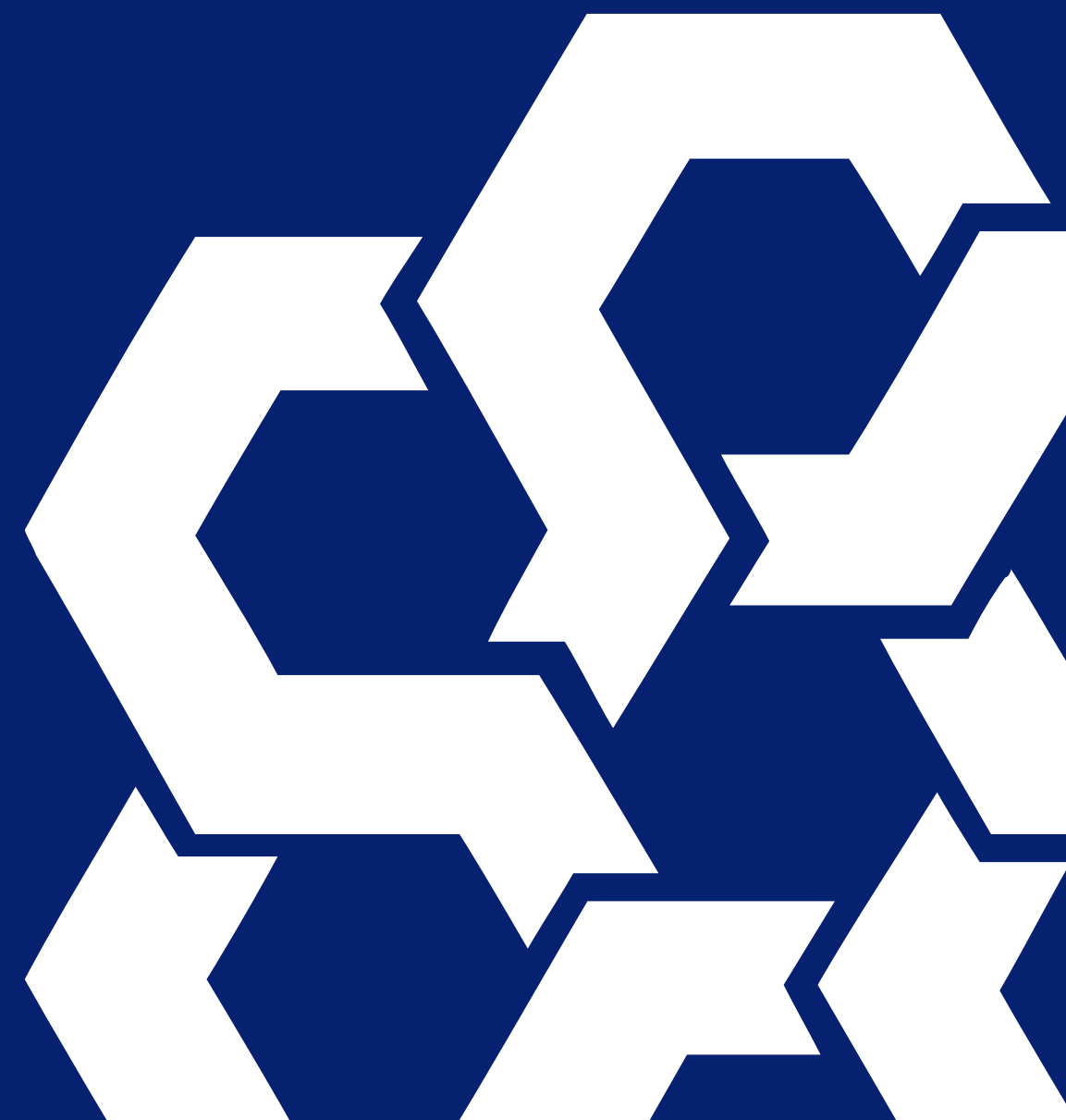
* The timeline reflects our best estimate at this stage and is subject to change.



Next milestone

Decide project direction in H2 2026

Appendix A—Summary of proposed requirements



Proposed changes to IFRS 3

- Disclose information reviewed by key management personnel about the performance of a **strategic business combination**



- In the year of acquisition, information about acquisition-date key objectives and the related targets for the acquisition
- Subsequently, the extent to which those acquisition-date key objectives and related targets are being met.



- Disclosing quantitative information, in the year of acquisition, about expected synergies



- **Exempt** an entity from disclosing some information in specific circumstances

- • • • Other improvements to IFRS 3 disclosure requirements

Proposed changes to IAS 36



- Clarify how an entity allocates goodwill to cash-generating units



- Require an entity to disclose in which reportable segment a cash-generating unit containing goodwill is included



- Simplify and improve the calculation of value in use

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