
IASB[®] meeting

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Project **Business Combinations—Disclosures, Goodwill and Impairment**
Topic **Expected synergy information**
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Purpose and structure

1. As Agenda Paper 18 explains, this paper analyses feedback specific to the proposed requirement to disclose quantitative information about expected synergies included in the Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* (Exposure Draft).
2. This paper is structured as follows:
 - (a) background (paragraphs 4–6);
 - (b) analysis of feedback on whether to require disclosure of expected synergy information (paragraphs 7–24);
 - (c) analysis of feedback on specific aspects of the proposed requirements (paragraphs 25–47);
 - (d) analysis of feedback on other matters (paragraphs 48–71);
 - (e) summary of staff initial views and next steps (paragraphs 72–75);
 - (f) question for the IASB; and
 - (g) Appendix A—Management approach.
3. This paper does not ask for any decisions.

Background

4. The [Exposure Draft](#) proposed requiring an entity to:
 - (a) describe expected synergies from a business combination by category (for example, revenue synergies, cost synergies and each other type of synergy); and
 - (b) disclose for each category of synergies:
 - (i) the estimated amounts or range of amounts of the expected synergies;
 - (ii) the estimated costs or range of costs to achieve these synergies; and
 - (iii) the time from which the benefits expected from the synergies are expected to start and how long they will last.
5. Applying the proposals, an entity would:
 - (a) be required to disclose the information in paragraphs 4(a) and 4(b) (expected synergy information) for each business combination that occurs during a reporting period and in aggregate for individually immaterial business combinations;
 - (b) be required to disclose expected synergy information only in the year of acquisition; and
 - (c) not be required to disclose information subsequently about whether it has realised those expected synergies.¹
6. [Agenda Paper 18E](#) for the IASB's December 2024 meeting (December agenda paper) summarised feedback specific to expected synergy information. As paragraph 8 of the December agenda paper notes, respondents provided feedback on:
 - (a) whether to require expected synergy information in financial statements (paragraphs 7–24);

¹ Paragraphs BC161–BC163 of the [Basis for Conclusions](#) explain the interaction between the proposal to disclose expected synergy information with the proposal to disclose information about the performance of a business combination.

- (b) specific aspects of the proposed requirement to disclose expected synergy information (paragraphs 25–47); and
- (c) other matters (paragraphs 48–71).

Whether to require expected synergy information in financial statements

Feedback summary

7. Some respondents (including most users of financial statements (users) and user groups) agreed with the proposed requirement to disclose expected synergy information. However, most respondents (including almost all preparers and preparer groups and accounting firms) disagreed.

Reasons for agreeing

8. Respondents who agreed said expected synergy information:
 - (a) would be valuable, relevant and useful in assessing the potential performance of a business combination.
 - (b) may be costly to disclose but the benefits would justify the costs.
 - (c) should be available to entities because the information is used to evaluate potential business combinations.
 - (d) is sometimes disclosed outside financial statements, for example, in a press release. One user says large entities in their jurisdiction disclose and track expected synergies for 3 years.
 - (e) would help ensure that acquirers recognise other separately identifiable intangibles, although the option to disclose a range as opposed to a point estimate may result in less useful information.

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- (f) may temper management's over-optimism when pursuing business combinations.
9. A few respondents who disagreed acknowledged expected synergy information could be useful.

Reasons for disagreeing

10. Many of the reasons for disagreeing with requiring expected synergy information in financial statements were also reasons for disagreeing with requiring performance information in financial statements. [Agenda Paper 18B](#) for the IASB's December 2024 meeting discussed the reasons that were common to performance and expected synergy information. These included:
- (a) conceptual reasons;
 - (b) auditability and expectations gap;
 - (c) commercial sensitivity and litigation risk arising from disclosing forward-looking information; and
 - (d) monetary costs.
11. Specifically, for expected synergy information, respondents who disagreed said:
- (a) information needed might not be available (paragraphs 13–15);
 - (b) expected synergy information might not be useful (16–21); and
 - (c) expected synergies can be challenging to calculate (paragraphs 22–24).
12. As paragraph A1(b) of Agenda Paper 18 for this meeting notes, we have presented our analysis and initial views on the concerns in paragraph 10 in previous IASB meetings and are in the process of consulting stakeholders on particular matters related to some of those concerns. This section analyses feedback specific to expected synergy information noted in paragraph 11.

Information might not be available***Feedback***

13. As paragraph 16 of the [December agenda paper](#) notes, some respondents said expected synergy information might not be available because:
- (a) entities might not have a well-designed and consistent way to measure expected synergies, and any calculation of expected synergies might vary from case to case depending on the level and quality of information available about the target at the date of acquisition, objectives and assumptions applied;
 - (b) the entity might acquire another business without specifically calculating expected synergies (for example, in a distress sale);
 - (c) detailed information relevant to calculating expected synergies might sometimes be made available only after the business combination, which might lead to changes in earlier estimates; and
 - (d) it might be difficult to isolate the effect of expected synergies if expected synergies are not tracked separately or are tracked at an overall group level.

Analysis

14. We acknowledge feedback that information about expected synergies from a business combination might not be available. However, as Appendix A explains, we think this feedback indicates there are different views on how the proposal to disclose expected synergy information should be applied. Our intention was not to require an entity to calculate expected synergy only for purposes of meeting the disclosure requirements. Our intention, which, as explained in Appendix A, continues to be our view, is that an entity should disclose expected synergies only if it calculated those synergies when agreeing the price for the business (a ‘management approach’) and therefore the information will be available to disclose.

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15. The analysis in this paper assumes a management approach—if the IASB disagrees with our initial view in paragraph 14, we will consider the implications on our analysis in this paper (and in other agenda papers including [Agenda Paper 18A](#) for the IASB’s July 2025 meeting about auditability) and present an updated analysis at a future meeting.

Information might not be useful

Feedback

16. As paragraphs 20–21 of the [December agenda paper](#) note:
- (a) some respondents said expected synergy information might not be useful because:
 - (i) the lack of a definition of ‘synergy’ could lead to a lack of comparability between entities (some respondents);
 - (ii) requiring an entity to disclose expected synergy information only in the year of acquisition with no follow-up in future reporting periods would not be useful because users need to see the result of expected synergies to assess the success of the business combination (some respondents);
 - (iii) the judgemental and subjective nature of expected synergies means users cannot rely on expected synergy information (a few respondents);
 - (iv) expected synergies might change between the acquisition date and the next reporting date so acquisition-date synergies may not be useful at the reporting date (a few respondents); and
 - (v) expected synergies can misleading or speculative (a few respondents).
 - (b) a few standard-setters said users in their jurisdiction said expected synergy information would be of limited value.

Analysis

17. [Agenda Paper 18A](#) for the IASB's September 2025 meeting considered the usefulness of performance and expected synergy information. As paragraphs 9–10 of that paper explain:
- (a) in developing the [Exposure Draft](#), the IASB considered information usefulness and feedback from users about what information they need; and
 - (b) notwithstanding the feedback in paragraph 16(b), most users agreed with the proposal to require an entity to disclose expected synergy information, which confirms that the information would be useful.
18. Specifically for expected synergy information, as paragraph 6 of [Agenda Paper 18A](#) for the IASB's November 2021 meeting notes, users said:
- (a) disclosures of the qualitative description of the factors that make up the goodwill recognised, which could include expected synergies, are often generic and not useful;²
 - (b) achieving synergies is often an important objective of a business combination; and
 - (c) information about the nature, timing and amount of expected synergies is important.
19. Some of the specific reasons raised by respondents for suggesting the information would not be useful (see paragraph 16) were also raised in the context of performance information and have been previously analysed. In particular:
- (a) as paragraph 16(a)(iv) notes, a few respondents said expected synergies might change between the acquisition date and the next reporting date so acquisition-date synergies may not be useful at the reporting date. As paragraphs 15–16 of [Agenda Paper 18A](#) for the IASB's September 2025 meeting explain, we think

² Paragraph B64(e) of IFRS 3 requires an entity to disclose this information.

this does not prevent the information from being useful. In particular, the objective of this disclosure is to help users understand the benefits an entity expected from a business combination when agreeing the price for that business.

- (b) as paragraph 16(a)(v) notes, a few respondents said expected synergies can be misleading or speculative. Whilst we agree with feedback in paragraph 16(a)(iii) suggesting that management's expectation of synergies can be judgemental, as paragraphs 17–21 of [Agenda Paper 18A](#) for the IASB's September 2025 meeting explain, we think this does not prevent the information from being useful. As Appendix A to this paper explains, we think a management approach should apply to expected synergy information—that is the information disclosed would be information used in agreeing the price for a business. Information used by management for internal decision-making purposes would also, in our view, be useful for users.

20. Considering the other reasons in paragraph 16 for which respondents said expected synergy information would not be useful:

- (a) as paragraph BC160 of the [Basis for Conclusions](#) notes, in developing the proposals in the [Exposure Draft](#), the IASB observed the term 'synergy' appears to be widely understood. However, we agree not defining 'synergy' could lead to a lack of comparability between entities—paragraphs 49–53 consider whether to define 'synergy'. However, each business combination is unique and as those paragraphs note, we think requiring entities to disclose the basis of preparation for expected synergy information would alleviate this concern.
- (b) we agree requiring expected synergy information only in the year of acquisition would not help users assess the subsequent success of a business combination. However, the proposal aims to meet the proposed disclosure objective of helping users assess the benefits an entity expected from a business combination when agreeing on the price to acquire a business. We continue to think requiring an entity to disclose expected synergy information

in the year of acquisition helps meet this objective. To help users assess, for a strategic business combination, the extent to which the benefits an entity expects from the business combination are being obtained (the second proposed disclosure objective included in the [Exposure Draft](#)) the IASB designed the proposals for performance information. Paragraphs BC161–BC163 of the [Basis for Conclusions](#) explain the interaction between these two proposals. We think requiring entities to track and disclose subsequent information about expected synergies for each business combination would be unduly costly.

21. We continue to think that expected synergy information is useful.

Challenges in calculating expected synergies

Feedback

22. As paragraphs 17–19 of the [December agenda paper](#) note:
- (a) some respondents said expected synergies are difficult to calculate or quantify. Some said quantifying synergies involves judgement and can be subjective. A few said expected synergies are uncertain by nature.
 - (b) respondents also said:
 - (i) it is difficult to calculate expected synergies with precision especially if those synergies arise from a combination of technologies, increased market share, or quick integration of the acquirer and acquiree; and
 - (ii) it might be difficult to distinguish revenue or cost synergies resulting from a business combination from organic growth or operational efficiencies unrelated to the business combination.
 - (c) one respondent said goodwill cannot be separately identified and, by definition, its amount cannot be measured by category or how long it may last. The respondent said since synergies typically constitute goodwill, requiring

the measurement of synergies by category and disclosure of their duration contradicts the definition of intangible assets in IAS 38 *Intangible Assets*.

Analysis

23. We acknowledge that calculating synergies can be challenging and can involve judgement. However:
- (a) we think these concerns arise partly because of a misunderstanding of the IASB's proposals. As Appendix A explains, our intention was not to require an entity to calculate expected synergy only for purposes of meeting the disclosure requirement. Our intention, which continues to be our view, is that an entity should disclose expected synergies only if it calculated those synergies when agreeing the price for the business.
 - (b) as paragraphs 37–39 of [Agenda Paper 18A](#) for the IASB's April 2022 meeting note, entities often disclose expected synergy information outside the financial statements (for example, in press releases, investor presentations at the time of the acquisition or in management commentary).
24. With respect to the feedback in paragraphs 22(b) and 22(c):
- (a) we accept it would be difficult to calculate synergies with precision. However, applying the proposals, entities could disclose the expected synergies or the costs to achieve those synergies as a range of amounts. Entities would not be required to disclose a single amount/precise information.
 - (b) the proposals relate only to acquisition-date expected synergy information so entities would not be required to allocate actual performance between achievement of synergies or organic growth.
 - (c) we agree goodwill cannot be measured by category or how long it may last. However, we see no contradiction with the proposal to require disclosure of expected synergy information. Expected synergies are only one component of goodwill and we think entities can (and as paragraph 23(b) explains, entities do) calculate expected synergies.

Specific aspects of the proposed requirement

25. This section analyses feedback on specific aspects of the proposal to disclose expected synergy information. In particular, this section analyses feedback on:
- (a) categories of synergies (paragraphs 27–33);
 - (b) the estimated amounts or range of amounts of the expected synergies (paragraphs 34–38);
 - (c) the estimated costs or range of costs to achieve these synergies (paragraphs 39–44); and
 - (d) the time from which the benefits from the synergies are expected to start and for how long they are expected to last (paragraphs 45–47).
26. As paragraph 22 of the [December agenda paper](#) notes, many respondents did not comment on all aspects of the proposed expected synergy information. In order to show the level of feedback for each aspect, we quantified feedback by reference to all respondents.³

Categories of synergy

27. The [Exposure Draft](#) proposed requiring an entity to describe expected synergies from a business combination by category (for example, revenue synergies, cost synergies and each other type of synergy).

Feedback

28. A few standard-setters supported the proposed aggregation of expected synergies by category. They said:
- (a) the proposal strikes the right balance between requiring an entity to disclose information and maintaining confidentiality of sensitive information;

³ As paragraph B2 of [Agenda Paper 18A](#) for the IASB's October 2024 meeting explains, we generally quantify feedback by reference to the number of respondents who commented on a particular issue.

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- (b) the proposal will address some preparer concerns raised during their outreach; and
 - (c) requiring more detailed cost synergies, such as employee-related cost synergies could be commercially sensitive.
29. One organisation representing a group of securities regulators suggested requiring an entity to describe the expected synergies included in each category to provide additional transparency for users.
30. A few respondents did not support the requirement to quantify expected synergies aggregated by category. They disagreed with disclosing synergies by category for similar reasons to disagreeing with quantifying synergies at all (for example, saying the information would not be useful).

Analysis

31. The few respondents who did not support the requirement to quantify expected synergies aggregated by category did so for similar reasons to disagreeing with quantifying synergies at all. Those reasons are already considered in:
- (a) previous IASB meeting for concerns that were common to performance and expected synergy information (as explained in paragraph 10); and
 - (b) this paper for feedback specific to expected synergy information.
32. As paragraphs BC152–BC156 of the [Basis for Conclusions](#) explain, when developing the proposal to disclose information by category the IASB considered feedback that expected synergy information could be commercially sensitive and feedback about how useful aggregated information would be. We disagree with the suggestion to require an entity to describe the expected synergies included in each category (for example, that cost synergies include restructuring costs) because such information would likely be commercially sensitive.

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33. The other respondents who provided feedback on this proposal agreed with the [Exposure Draft](#)'s proposal. Consequently, we think the IASB should make no changes to the proposed requirement to disclose expected synergies by category.

Estimated amount or range of expected synergies

34. The [Exposure Draft](#) proposed requiring an entity to disclose (for each category of synergies) the estimated amounts or range of amounts of the expected synergies.

Feedback

35. A few respondents explicitly agreed with the proposal to allow entities to disclose a range of amounts of expected synergies.
36. A few respondents requested clarifying at what point in time expected synergies should be calculated (at the time of acquisition, or at the time of preparing disclosures and calculating goodwill).
37. One respondent suggested allowing the acquirer to update expected synergy information if information comes to light during the measurement period.⁴

Analysis

38. We think the IASB should make no change to the proposed requirement to disclose the estimated amounts or range of amounts of the expected synergies. In terms of respondents' suggestions:
- (a) as paragraph A1 in Appendix A notes, we think the disclosure should reflect management's expectations of expected synergies when agreeing the price for that business, and not at the time of preparing disclosures.

⁴ The measurement period is the period after the acquisition date during which the acquirer may retrospectively adjust the provisional amounts recognised for a business combination (paragraphs 45–50 of IFRS 3).

- (b) the IASB should not require entities to update expected synergy information after the acquisition date. This suggestion is similar to the suggestion to allow entities to update KOTs (analysed in paragraphs 51–52 of Agenda Paper 18C). Updated expected synergy information would not provide information about the acquisition price and would not be reflective of management’s acquisition-date estimates for the business combination.

Estimated costs to achieve synergies

39. The [Exposure Draft](#) proposed requiring an entity to disclose (for each category of synergies) the estimated costs or range of costs to achieve these synergies.

Feedback

40. A few respondents disagreed with the proposed requirement to disclose the estimated costs or range of costs to achieve synergies. They said it would be:
- (a) challenging to estimate and the information required to make the estimate might not be available;
 - (b) so commercially sensitive that it should not be disclosed in financial statements; and
 - (c) difficult to disclose any restructuring-related information before making public announcements.
41. One user representative group said information about estimated costs to achieve expected synergies would be useful.

Analysis

42. Paragraphs 23–24 consider feedback on challenges in calculating expected synergy information. Further, as Appendix A explains, we think there are differing views of how the proposal to disclose expected synergy information should be applied. We think a management approach should apply (see Appendix A). Consequently, an

entity would only be required to disclose the estimated costs to achieve expected synergies if this information is already available and so it would not be costly to determine.

43. To respond to concerns about commercial sensitivity, the IASB has proposed to exempt entities from disclosing expected synergy information (which would also apply to the requirement to disclose cost to achieve synergies) in specific situations. Agenda Papers [18A](#) and [18B](#) for the IASB's June 2025 meeting analyse feedback on the exemption.
44. We think the IASB should make no change to the proposed requirement to disclose the estimated costs or range of costs to achieve synergies.

Timeframe

45. The [Exposure Draft](#) proposed requiring an entity to disclose (for each category of synergies) the time from which the benefits expected from the synergies are expected to start and how long they will last.

Feedback

46. A few respondents explicitly agreed with the proposed requirement. However, a few disagreed saying the information would be subjective, challenging to determine and costly.

Analysis

47. We think the IASB should make no change to the proposed requirement to disclose the time from which the benefits expected from the synergies are expected to start and how long they will last. As paragraph 14 and Appendix A notes, we think an entity should only be required to disclose the timeframe for expected synergies if this information is already available and so it would not be costly to determine.

Other feedback/suggestions

48. This section analyses other feedback/suggestions, specifically:
- (a) defining ‘synergy’ (paragraphs 49–53);
 - (b) restricting the population of business combinations (paragraphs 54–62);
 - (c) disclosing expected synergy information when goodwill is not recognised (paragraphs 63–67);
 - (d) enhancing qualitative disclosures (paragraphs 68–70); and
 - (e) other suggestions (paragraph 71).

Defining ‘synergy’

49. The IASB considered but decided not to define ‘synergy’ in the [Exposure Draft](#). As paragraphs BC159–BC160 of the [Basis for Conclusions](#) explain:

BC159 Some respondents to the Discussion Paper suggested defining expected synergies. These respondents said a lack of definition might lead to diversity in how entities identify and quantify expected synergies. In their view, such diversity could result in users receiving varied and potentially misleading information.

BC160 The IASB considered providing a definition of expected synergies but decided against doing so. The IASB observed that:

- (a) the term appears to be widely understood. Most of the dictionaries the IASB consulted define ‘synergies’ as arising from a combination of two or more items, and resulting in a combined performance or value greater than the sum of the items when considered separately. The IASB concluded there would be limited benefit in including this definition in IFRS 3.

(b) paragraph B64(e) of IFRS 3 requires an entity to disclose qualitative information about expected synergies. Feedback did not suggest entities fail to identify expected synergies appropriately.

Feedback

50. Some respondents said not defining 'synergy' could lead to diversity in how entities determine expected synergies and consequently, lack of comparability across entities. A few expressed concerns that expected synergy information might not be calculated based on IFRS Accounting Standards.
51. However, a few respondents explicitly agreed with not defining 'synergy' and said the term is widely understood. They said entities currently identify expected synergies in an appropriate manner in order to meet the requirement in IFRS 3 to disclose qualitative information about expected synergies.

Analysis

52. We acknowledge that there could be differences in how entities determine expected synergies. Respondents did not provide specific examples of such differences. However, outreach with stakeholders, including a few experts in the UK where there is local regulation⁵ relating to disclosure of information similar to the expected synergy information in some situations, indicated that understanding of the term 'synergy' can vary between entities and jurisdictions. Possible variations in how entities determine expected synergies could include differences in whether to include:
- (a) financing synergies, including the effect on the combined entity's cost of debt or access to credit facilities; and
 - (b) hypothetical costs that would have been incurred if the acquirer decided to enter a new market itself rather than by acquisition.

⁵ [Rule 28.6 of the Takeover Code](#)

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53. Notwithstanding the feedback, we think the IASB should not define ‘synergy’:
- (a) we think it would be difficult to develop a definition of ‘synergy’ that could apply across different types of business combinations, industries and jurisdictions.
 - (b) as Appendix A notes, applying the management approach, an entity would disclose expected synergy information it estimated when agreeing the price for the business. We think any definition of ‘synergy’ included in the amendments could be inconsistent with how some entities assessed synergies internally as part of the acquisition process which could result in application challenges and additional costs.
 - (c) we acknowledge differences in how entities consider synergies could make it challenging for users. However, we think these challenges can be addressed by requiring an entity to disclose the basis on which it has prepared expected synergy information. We will consult with users on the usefulness of a disclosure about the basis of preparation for expected synergy and with preparers on whether there would be any concerns or challenges in disclosing this information.

Restricting the population of business combinations

54. The [Exposure Draft](#) proposed requiring an entity to disclose expected synergy information for each business combination that occurs during a reporting period, or in aggregate for individually immaterial business combinations that are material collectively.⁶

⁶ Paragraph B65 of IFRS 3 says ‘For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose in aggregate the information required by paragraph B64(e)–(q).’ This requirement would apply to the proposed requirement to disclose expected synergy information.

Feedback

55. With respect to the population of business combinations which an entity would be required to disclose expected synergy information about:
- (a) some respondents, particularly preparers and preparer groups suggested requiring expected synergy information only for strategic or the most important business combinations.
 - (b) some respondents said often expected synergies do not drive the acquisition price or contribute to goodwill. They also said that there are no, or immaterial expected synergies in some business combinations. These respondents suggested either not requiring this information for such business combinations or clarifying how to apply the requirements in these situations.
 - (c) a few respondents disagreed with the proposal to disclose expected synergies in aggregate for individually immaterial business combinations occurring during the reporting period that are material collectively. They said the information would be onerous to track, might not be available and might not be useful.

*Analysis****Strategic business combinations only***

56. We acknowledge requiring expected synergy information only for strategic business combinations would impose less costs on preparers (although as paragraph 14 explains we think the information would be available, preparers may incur costs as a result of concerns such as auditability, litigation risk or commercial sensitivity).
57. We also think users might not find expected synergy information for material, but not strategic, business combinations as useful as they would find expected synergy information for strategic business combinations.

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58. We therefore plan to consult on the usefulness of requiring an entity to disclose expected synergy information for all material business combinations or only for strategic business combinations before making a final recommendation.

Synergies do not drive the price

59. As paragraph 14 clarifies, we think entities should be required to disclose expected synergy information only if the entity considered that information when agreeing the price for that business. If expected synergies did not drive the price paid to acquire the business, we would expect the entity to not have considered that information when agreeing the price for that business and consequently, the entity would not be required to disclose expected synergy information. Paragraphs 63–67 discuss our analysis of feedback on whether the disclosure requirement should be restricted to situations in which an entity recognises goodwill.
60. We would also not expect an entity to disclose expected synergy information if the information resulting from that disclosure would be immaterial.⁷

Individually immaterial business combinations

61. For the suggestion to not require disclosure of expected synergy information for individually immaterial business combinations that are material collectively, we think:
- (a) disclosure would only be required if the information is readily available (see paragraph 14) and therefore would not be onerous;
 - (b) assuming the information is readily available and prepared on a consistent basis (see paragraphs 53(b)–53(c)) for all individually immaterial business combinations, the resulting information would be useful because the information relates to business combinations that are material collectively; however

⁷ See paragraph 30A of IAS 1 *Presentation of Financial Statements* [carried forward as paragraph 19 of IFRS 18 *Presentation and Disclosure in Financial Statements* effective 1 January 2027].

- (c) the information might not be readily available or not be prepared on a consistent basis for all individually immaterial business combinations, so the resulting disclosure of aggregate information would be less useful.
62. Consequently, we think the IASB should amend the proposals and not require entities to disclose expected synergy information for individually immaterial business combinations.

Disclosing expected synergy information when goodwill is not recognised

Feedback

63. A few respondents requested clarification on whether to disclose synergies management expects to derive from all business combinations or only business combinations resulting in goodwill being recognised.
64. These respondents said an entity might, for example, not recognise goodwill in a bargain purchase business combination but may still expect synergies from that business combination. One of these respondents said the proposed expected synergy requirements imply that expected synergies for a business combination exist only if the entity recognised goodwill as a result of that business combination.

Analysis

65. As paragraphs 21–25 of [Agenda Paper 18A](#) for the IASB’s March 2025 meeting explain, information about KOTs and expected synergies provides information about the acquisition price for the business combination. The acquisition price is reflected in the financial statements through the recognition of assets acquired and liabilities assumed in the business combination, including goodwill.

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66. We acknowledge that in most business combinations, expected synergies is a part of goodwill, and while possible, it is unlikely for an entity to expect synergies in a bargain purchase.
67. We plan to consult on whether to require disclosure of expected synergy information only for business combinations for which an entity recognises goodwill with appropriate stakeholders before making a final recommendation.

Enhancing qualitative disclosures

Feedback

68. Some respondents suggest not requiring expected synergy information and instead enhancing existing requirements to disclose qualitative information about expected synergies.

Analysis

69. As paragraph 20(b) explains, in developing its proposals the IASB considered user feedback that the current disclosures of the qualitative description of the factors that make up the goodwill recognised, which could include expected synergies, are often generic and not useful. We continue to agree with the IASB that quantitative information about expected synergies would help meet the proposed disclosure objective of helping users assess the benefits an entity expects from a business combination when agreeing on the price to acquire a business. Stakeholders did not suggest, and we have not identified, alternative qualitative information which could meet this disclosure objective.
70. We think the IASB should not enhance existing requirements to disclose qualitative information about expected synergies instead of requiring quantitative information.

Other suggestions

71. The table below summarises other suggestions and presents our analysis of those suggestions.

Suggestion	Analysis
(a) some respondents requested application guidance and illustrative examples on: (i) the definition and scope of ‘synergy’; (ii) how to estimate and categorise synergies; and (iii) situations in which expected synergies are non-quantitative (for example, a timing synergy that cannot be quantified).	(i) paragraphs 49–53 consider whether to define ‘synergies’; (ii) as Appendix A notes, an entity would estimate and categorise synergies based on management’s expectations; and (iii) as Appendix A explains, an entity would be required to disclose expected synergy information only if and to the extent the entity considered that information when agreeing the price for the business.
(b) one respondent suggested clarifying that any difference between goodwill recognised and expected synergies does not necessarily mean an overpayment.	We think this clarification is unnecessary. Paragraphs BC313–318 of the Basis for Conclusions for IFRS 3 explain that goodwill includes more than just expected synergies.

Summary of staff initial views and next steps

72. We think the reasons for not requiring disclosure of expected synergy information considered in paragraphs 7–24 should not prevent the IASB from continuing to redeliberate requiring expected synergies.
73. We think the IASB should:
- (a) clarify the proposals to require disclosure only if the entity considered that information when agreeing the price for that business;
 - (b) retain the proposed requirement to disclose expected synergies by category, with an estimated amount or range of amounts;
 - (c) retain the proposed requirement to disclose the estimated costs or range of costs to achieve synergies;
 - (d) retain the proposed requirement to disclose the time from which the benefits expected from the synergies are expected to start and how long they will last; and
 - (e) amend the proposal and not require entities to disclose expected synergy information for individually immaterial business combinations.
74. We think the IASB should consult on:
- (a) population of business combinations to require disclosure of expected synergy information for;
 - (b) only requiring disclosure of expected synergy information if goodwill is recognised; and
 - (c) disclosing the basis on which expected synergy information has been prepared.
75. We think no further work or changes to the IASB's proposal are required in respect of the other requests for clarification or suggestions analysed in this paper.

Questions for the IASB

Do IASB members have any questions or comments on the analysis in this agenda paper?

Specifically:

- (a) do IASB members have any comments or questions on the analysis in this paper or the initial staff views summarised in paragraphs 72–75?
- (b) is there anything IASB members would like us to research, consult on or analyse further, apart from matters identified in this paper?

Appendix A—Management approach

- A1. As paragraph 40 of [Agenda Paper 18A](#) for the IASB’s July 2025 meeting notes, we think there are differing views of how the proposal to disclose expected synergy information should be applied. For example:
- (a) an entity would be required to disclose expected synergy information only if the entity considered that information when agreeing the price for the business combination. Such information would—similar to an entity’s acquisition-date key objectives and related targets (KOTs)—reflect only management’s expectations of expected synergies at the acquisition date. This ‘management approach’ reflects our intention when developing the proposal.
 - (b) an entity would be required to estimate and quantify the amount of expected synergies included in goodwill regardless of whether the entity considered that information when agreeing the price for the business combination. This ‘always quantify approach’ was not our intention when developing the proposal in the [Exposure Draft](#) but we acknowledge that the wording of the proposal (see proposed paragraph B64(ea) of IFRS 3 in the [Exposure Draft](#)) may lead to stakeholders reading the proposals this way.
- A2. If the IASB takes a management approach, this would be similar to the management approach applied for performance information. As paragraph BC34 of the [Basis for Conclusions](#) notes, the IASB expects that applying the management approach for performance information would:
- (a) result in an entity disclosing the most useful information about business combinations. Information that is used by the entity’s management for decision-making will probably also be relevant to users.
 - (b) minimise the cost of disclosing the information because the information is already being used by an entity.

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- A3. Applying the ‘always quantify approach’, we think:
- (a) users would receive expected synergies information for more business combinations (those for which the entity did not consider any expected synergies information when agreeing the price for that business). However, the information users receive would not necessarily reflect ‘the benefits an entity expects from a business combination when agreeing on the price to acquire a business’.⁸
 - (b) entities would incur costs to estimate and quantify the amount of expected synergies if they had not already considered it when agreeing the price for that business the business combination.
 - (c) as paragraph 40(b) of [Agenda Paper 18A](#) for the IASB’s July 2025 meeting explains, this could lead to a conclusion that auditors would be required to assess the reasonableness of expected synergy information and respondents to the [Exposure Draft](#) said doing so could be difficult.
- A4. We think a management approach to expected synergy information aligns with our original intention and better balances the expected benefits and costs of requiring expected synergy information than an ‘always quantify approach’. We think the IASB should clarify the requirements in this respect.
- A5. Paragraphs A6–A10 analyse whether to identify a level of management for purposes of applying the management approach and, if so, what that level should be.

⁸ This is one of the new disclosure objectives that the [Exposure Draft](#) proposed adding as paragraph 62A(a) of IFRS 3 *Business Combinations*.

Specifying the level of management

- A6. As Agenda Paper 18A explains, the [Exposure Draft](#) proposed a management approach for performance information. Specifically, the [Exposure Draft](#) proposed to require an entity to disclose performance information based on the information reviewed by the entity's key management personnel (KMP) as defined in IAS 24 *Related Party Disclosures*. Our staff initial view in Agenda Paper 18A is to retain that approach for performance information.
- A7. For consistency, we could use the same approach for expected synergy information—that is, an entity would only be required to disclose expected synergy information if KMP considered that information when agreeing the price for the business.
- A8. Considering the IASB's reasons for specifying the level of management to be used in identifying performance information and that the level of management be a senior level:
- (a) it would identify the most important performance information when different levels of management review information with varying levels of detail. Performance information follows a management approach to identify the key objectives and related targets, whereas the proposed requirements for expected synergy information already specify what information is required (if it was considered when agreeing the price for the business).
 - (b) being aware that senior management is not reviewing or has stopped reviewing a key objective and related target could provide useful information to users. The proposed requirements for expected synergies are only acquisition-date information, so this is not applicable for expected synergy information.
 - (c) it would distinguish performance information about a business combination from information used to review the performance of a business as a whole, and therefore when an entity stops disclosing information. The proposed requirements for expected synergies are only acquisition-date information, so this is not applicable for expected synergy information.

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- A9. Additionally, unlike performance information, expected synergy information would be required for all business combinations, not only a subset. It is possible that expected synergy information would be considered by divisional or regional management, not by KMP, when agreeing the price of the business. In such cases, we think expected synergy information would be:
- (a) readily available to the entity at minimal cost; and
 - (b) useful to users because it was part of the acquisition decision, regardless of whether KMP considered it.
- A10. We therefore think that the IASB should not specify that expected synergy information be information reviewed by KMP, or any other level of management. Instead, we think that the requirements could require entities to disclose ‘expected synergy information considered when agreeing the price for the business’.⁹

⁹ The wording in the final amendments could differ from what has been presented here. We are not asking for drafting suggestions on the wording.