
IASB[®] meeting

Date **September 2025**
Project **Business Combinations—Disclosures, Goodwill and Impairment**
Topic **Performance and expected synergy information—common topics**
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Introduction

1. As Agenda Paper 18 for this meeting explains, this paper presents our analysis of the remaining topics in the December agenda paper on whether to require an entity to disclose the performance and expected synergy information in financial statements.
2. This agenda paper does not ask the IASB to make any decisions.

Background and structure

3. The [Exposure Draft](#) *Business Combinations—Disclosures, Goodwill and Impairment* (Exposure Draft) proposed to require an entity to disclose information about:
 - (a) the performance of a strategic business combination (performance information) including:
 - (i) an entity's acquisition-date key objectives and related targets (KOTs);
and
 - (ii) the extent to which those KOTs are being met in subsequent periods;
and

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- (b) quantitative information about synergies expected from combining the operations of an acquiree and an acquirer (expected synergy information) including a description of expected synergies by category and 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 from the synergies are expected to start and how long they are expected to last.
 - 4. [Agenda Paper 18B](#) to the IASB's December 2024 meeting (December agenda paper) summarised feedback on whether to require an entity to disclose performance and expected synergy information. It focussed on topics that pertain to both the proposed performance and expected synergy information (common topics).
 - 5. As Agenda Paper 18 explains, we have presented our initial analysis of some of the common topics in previous papers. This paper provides our initial analysis of the remaining topics in the [December agenda paper](#). This paper is structured as follows:
 - (a) information usefulness (paragraphs 7–22);
 - (b) concerns (paragraphs 23–47);
 - (c) suggestions (paragraphs 48–55); and
 - (d) summary of staff initial views (paragraphs 56–59).
 - 6. This paper has two appendices—Appendix A and Appendix B that reproduce excerpts of papers presented to the IASB at previous meetings for ease of reference.

Information usefulness

Feedback

7. As the [December agenda paper](#) (see particularly paragraphs 12 and 14–16 of that paper) notes:
- (a) almost all users agreed with the proposal to require an entity to disclose performance information and most users agreed with the proposal to require an entity to disclose quantitative information about expected synergies;
 - (b) many respondents who agreed with requiring disclosure of performance and expected synergy information in financial statements said the information would be meaningful and would help users assess the performance of business combinations;
 - (c) many users and user groups said business combinations tend to be risky, often failing to achieve their goals, and the proposed performance information would help them better assess management's performance;
 - (d) many users said entities sometimes provide acquisition-date performance and expected synergy information similar to information that would be required by the [Exposure Draft](#) when announcing an acquisition, but do not follow-up on that information and the information is often no longer available after the business combination is completed; and
 - (e) many preparers, while expressing concerns about requiring performance and expected synergy information in financial statements, acknowledged users' need for better information about business combinations.
8. As paragraph 16 of the [December agenda paper](#) notes, some respondents said performance and expected synergy information is unlikely to be useful because:
- (a) management would be reluctant to disclose commercially sensitive information, potentially leading to boiler plate disclosures (paragraphs 12–14);

- (b) other information could be more useful—respondents provided suggestions for alternative requirements, for example amortising goodwill or enhancing disclosure requirements in IAS 36 *Impairment of Assets*. We have previously analysed these suggestions (see paragraphs 21–40 of [Agenda Paper 18](#) for the IASB’s February 2025 meeting);
- (c) market conditions and management’s views that exist at the acquisition date might not be reflective of latest circumstances (paragraph 15–16); and
- (d) internal information used for management purposes, such as aspirational targets to motivate employees, might not be relevant for users in making investment decisions (paragraphs 17–21); and
- (e) the information could be misleading in some situations (paragraph 17–21).

Analysis

9. In developing the Exposure Draft, the IASB considered information usefulness and feedback from users about what information they need. Paragraph BC18 of the [Exposure Draft](#) notes that users said they want to understand whether the price paid for a business combination was reasonable and whether the business combination has been successful. They said entities do not typically provide sufficient information about business combinations.
10. As paragraph 7(a) notes, almost all users agreed with the proposal to require an entity to disclose performance information and most users agreed with the proposal to require an entity to disclose expected synergy information. This confirms the IASB’s expectation that the proposed information would be useful.
11. We will consider the usefulness of each specific proposal as we analyse feedback on that specific proposal. We analyse below the concerns raised by stakeholders that pertain to the usefulness of both performance and expected synergy information.

Reluctance to disclose commercially sensitive information

12. Some respondents said management would be reluctant to disclose commercially sensitive information, potentially leading to boilerplate disclosures that might not be useful.
13. The disclosures require an entity to provide performance and synergy information that is specific to each business combination to which the disclosures apply. For example, for a strategic business combination, an entity would be required to disclose information about its key objectives and targets for that business combination—the information disclosed would be the information key management personnel review to assess the success of the business combination. We think it is unlikely that an entity would be able to comply with the requirements by disclosing only boiler plate information.
14. We accept that management might—in some situations—be reluctant to disclose information about a particular business combination for commercial sensitivity reasons. However, the IASB has proposed an exemption from disclosing some of the information in some situations. We have analysed feedback on the proposed exemption separately—see Agenda Papers [18A](#) and [18B](#) of the IASB’s June 2025 meeting.

Information might not be reflective of latest circumstances

15. A few respondents said market conditions and management’s views that exist at the acquisition date might not be reflective of latest circumstances and management’s views at the time of reporting. They said information based on management’s expectations at the acquisition date could be misleading.
16. We agree that market conditions and management’s views could change between the acquisition date and the time of reporting, and that management’s views at the time of acquisition might not be reflective of latest facts and circumstances. However:

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- (a) the objective of requiring an entity to disclose performance and expected synergy information is to help users understand the benefits an entity expected from a business combination when agreeing the price for that business¹. As paragraph BC137 of the [Basis for Conclusions](#) on the Exposure Draft (Basis for Conclusions) notes, information about an entity's acquisition-date key objectives and related targets for a business combination and expected synergy information would provide information about the acquisition price.
 - (b) other information required by IFRS 3 *Business Combinations* (for example, disclosure of the amounts of assets and liabilities recognised) is acquisition-date information, so we think providing performance and expected synergy information as at the acquisition date would not mislead users. Although users might be interested in information reflecting management's latest expectations, such information would not provide information that would help users understand the benefits an entity expected from a business combination when agreeing the price for that business.

Internal information might not be relevant and could be misleading

- 17. Some respondents said internal information used for management purposes, such as aspirational targets to motivate employees, might not be relevant for users in making investment decisions.
- 18. Some respondents said the information could be misleading in some situations—for example:
 - (a) a few respondents said failing to achieve a key objective for a business combination might mislead users into viewing a business combination as unsuccessful when that might not be the case. This could happen, for example, when there may be multiple acceptable outcomes for an entity when entering into a business combination. These respondents read the requirements as

¹ The [Exposure Draft](#) proposed adding this disclosure objective as paragraph 62A(a) of IFRS 3 *Business Combinations*.

forcing an entity to designate the achievement of one of those possible outcomes as the key objective and say doing so would not provide users with the full picture of acceptable alternative outcomes.

- (b) management might use measures not defined in IFRS Accounting Standards to determine KOT that users are not familiar with.
 - (c) management's decisions to acquire businesses might not always be driven primarily by financial considerations and the disclosures would not provide users with a complete understanding of the business context underlying the transaction.
19. We disagree. We continue to agree with the IASB's expectation set out in paragraph BC34 of the [Basis for Conclusions](#) that applying the management approach for disclosure of performance information would result in an entity disclosing the most useful information about business combinations because information that is used by the entity's management for decision-making will probably also be relevant to users. We think the information will also not be misleading.
20. We agree that aspirational targets that go above and beyond 'the level of performance that will demonstrate whether a key objective has been met' (proposed definition of a target in the [Exposure Draft](#)), might not be relevant for users in making investment decisions. However, we think the proposals do not require an entity to disclose such aspirational targets. As paragraphs 35–36 of [Agenda Paper 18A](#) to the IASB's March 2025 meeting explain, we think such aspirational targets would not be a 'target' as defined in the [Exposure Draft](#).
21. We will present our detailed analysis of the specific examples in paragraph 18 when we discuss disclosure performance information.

Initial view

22. Based on our analysis, we continue to agree with the IASB's view that requiring entities to disclose performance and expected synergy information will result in useful

information for users. We think the concerns raised by some respondents about the usefulness of information do not prevent the information from being useful.

Concerns

23. As paragraph 17–18 of the [December agenda paper](#) notes, many respondents raised concerns about requiring disclosure of performance and expected synergy information in financial statements. Many preparer and preparer groups said the costs to provide this information would outweigh the benefits. Respondents raised the following key concerns:
- (a) conceptual concerns;
 - (b) auditability and expectations gap;
 - (c) commercial sensitivity and litigation risk arising from disclosing forward looking information; and
 - (d) monetary costs and other concerns.
24. As Agenda Paper 18 notes, we have previously presented our analysis of, and initial views on, the concerns in paragraphs 23(a)–23(c). We present below our analysis of, and initial views on, the concerns in paragraph 23(d)—that is, monetary costs and other concerns.

Monetary costs

25. As paragraph 41 of the [December agenda paper](#) notes, some respondents said entities might not have appropriate systems and controls in place to produce performance and expected synergy information. They said although the information might be available internally, entities would be required to establish new systems and controls to formalise the process which could involve significant costs. However, one preparer said the proposal could help the finance department take back control over the preparation of performance and expected synergy information which could enhance the reliability of the information.

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26. Similar to our analysis in paragraphs 43 and 44 of [Agenda Paper 18A](#) to the IASB's July 2025 meeting:
- (a) we understand some entities might not have robust systems and controls in place to prepare and disclose performance and expected synergy information. We acknowledge an entity might incur additional costs to implement or update processes and internal controls to apply the proposed requirements.
 - (b) it is not uncommon for entities to implement or update processes and controls following amendments to IFRS Accounting Standards. As feedback in paragraph 42 of [Agenda Paper 18A](#) to the IASB's July 2025 meeting notes, there could be some benefits to implementing or updating controls and processes.
27. We will consider costs of implementing or updating processes and controls as part of our analysis of the cost-benefit trade-off on the proposals.

Other concerns

28. As paragraph 43 of the [December agenda paper](#) notes, respondents also raised other concerns. These included:
- (a) level playing field (paragraph 29–31);
 - (b) information availability and time to gather information (paragraph 32–35);
 - (c) interim financial reporting (paragraph 36–39);
 - (d) interaction with jurisdictional reporting requirements (paragraph 40–41); and
 - (e) discouraging business combinations (paragraph 42–45).

Level playing field

29. As paragraph 43(a) of the [December agenda paper](#) notes, a few preparers and preparer groups, mostly from Europe, said the proposals, if finalised, could affect the competitiveness of entities applying IFRS Accounting Standards if entities applying

US Generally Accepted Accounting Principles (US GAAP) would not be required to disclose similar information.

30. The IASB is responding to feedback it heard from its stakeholders in its post-implementation review of IFRS 3 by proposing to require entities to disclose performance and expected synergy information. As paragraphs 7(a) notes, almost all users agreed with the proposal to require an entity to disclose performance information and most users agreed with the proposal to require an entity to disclose expected synergy information. Further, and as paragraph 7(e) notes, many preparers—while raising concerns about the proposals—also acknowledged users’ need for better information about business combinations.
31. In developing the [Exposure Draft](#), we reviewed information entities provide about their business combinations outside financial statements. Paragraphs 16–20 of [Agenda Paper 18](#) to the IASB’s April 2022 meeting discuss the methodology of our review and paragraphs 29–39 of [Agenda Paper 18A](#) to the IASB’s April 2022 meeting explain the results of that review. Our review suggested that entities applying US GAAP disclose information similar to the proposed performance and expected synergy information outside financial statements more frequently than entities applying IFRS Accounting Standards.

Information availability and time to gather information

32. As paragraph 43(b) and 43(c) of the [December agenda paper](#) note:
- (a) a few preparers said an entity might not have the information that would be required to meet the proposed requirements readily available. For example, one preparer said an entity might not always have KOTs for a business combination even if that business combination is strategic. This could happen, for example, when a government forces an entity to take over a competitor within a short time frame.

- (b) a few respondents said an entity might not have sufficient time to gather and disclose the information, especially if the business combination occurs close to financial year-end.
33. The Exposure Draft proposes requiring an entity to disclose acquisition-date performance information (that is, KOTs) reviewed by management. An entity would not be required to produce performance information solely to meet the disclosure requirement.
34. As paragraphs 40–41 of [Agenda paper 18A](#) (reproduced in Appendix A) for the IASB’s July 2025 meeting note, there are differing views of how the proposal to disclose expected synergy information should be applied. We plan to consider how the IASB’s proposed disclosure requirement for expected synergy information should be applied (and how to clarify the requirements if required) when the IASB redeliberates the proposals for expected synergies at a future IASB meeting. However, as those paragraphs note, our intention when developing the proposals was to require an entity to disclose expected synergy information only if management reviewed that information.
35. We therefore think entities will have the information needed to disclose performance and expected synergy information and will not need time to gather the information. If the IASB’s decision on how the proposal to disclose expected synergy information differs from our intention as set out in paragraph 34 above, we will consider the implications of information availability and time sufficiency in relation to expected synergy information at that time.

Interim financial reporting

36. Paragraph 16A(i) of IAS 34 *Interim Financial Reporting* contains requirements for disclosing information about business combinations:

16A In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information, in the notes to its interim financial

statements or elsewhere in the interim financial report...The information shall normally be reported on a financial year-to-date basis.

...

(i) the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required by IFRS 3 *Business Combinations*.

37. In developing the [Exposure Draft](#), the IASB considered, but decided not to amend IAS 34 in respect of its proposal to require an entity to disclose performance information (see paragraphs 57–69 of [Agenda Paper 18C](#) to the IASB’s March 2023 meeting). As [Agenda Paper 18C](#) of the IASB’s March 2023 meeting notes:
- (a) disclosing some information about business combinations is useful in interim financial reports;
 - (b) regardless of the specific reference to IFRS 3 in paragraph 16A(i) of IAS 34, an entity is required to apply materiality in assessing what information to disclose in interim periods;
 - (c) an entity would be required to disclose information about the subsequent performance of business combinations if such information is material in the interim financial reports.
38. As paragraph 43(d) of the [December agenda paper](#) notes, a few respondents suggested exempting an entity from disclosing performance and expected synergy information in interim financial reports. One respondent said information reported internally about business combinations might not be in line with quarterly reporting cycles.
39. We continue to agree with the IASB’s view that it is unnecessary to amend IAS 34 specifically in respect of performance and expected synergy information in interim

financial reports. Respondents have not provided information not already considered by the IASB. We agree management might not review information about business combinations in line with an entity's quarterly reporting cycles. However, an entity would disclose performance and expected synergy information in interim financial reports only if management receive that information to review the business combination in the period covered by the interim financial report, and if such information is material to the interim financial report.

Interaction with jurisdictional reporting requirements

40. As paragraph 43(e) of the [December agenda paper](#) notes, one preparer group said regulations in its jurisdiction require an entity to provide specific information at the time of a business combination. The information provided could differ from what the proposals in the [Exposure Draft](#) would require. In its view, differences in the information provided in different documents could confuse users.
41. The proposed requirements are designed to provide users information they need about business combinations at a reasonable cost to preparers. These requirements are based on information needs identified by users of an entity's financial statements. Different jurisdictions might have different regulatory reporting requirements, and we think it would be unnecessary and unfeasible for the IASB to align its requirements with the regulatory requirements in each jurisdiction.

Discourage business combinations

42. As paragraph 43(f) of the [December agenda paper](#) notes, one preparer group expressed concern about the potential unintended consequences of the proposals, due to focusing solely on business combinations. They said the proposed requirements, if finalised, might deter entities from pursuing growth through business combinations and focus solely on organic growth.

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43. The IASB developed the proposed requirements in response to feedback from users which suggested they need better information to help them assess the performance of a business combination. As the Introduction to the [Exposure Draft](#) notes:

Acquisitions—referred to as business combinations in IFRS Accounting Standards—are often significant transactions for the entities involved. These transactions play an important role in the global economy, with deals announced in 2023 totalling US\$3.2 trillion.²

44. The IASB’s intention in developing the proposed requirements is not to encourage or discourage growth through acquisitions but rather to provide better information about business combinations to users, at a reasonable cost to preparers.
45. We think concerns about discouraging business combinations might be driven by concerns about disclosing commercially sensitive performance and expected synergy information. The IASB proposed an exemption from disclosing some of the information in some situations to alleviate these concerns. Agenda Papers [18A](#) and [18B](#) to the IASB’s June 2025 meeting analyse feedback specific to the proposed exemption.

Initial view

46. Based on our analysis, we think:
- (a) monetary costs and other concerns about requiring performance and expected synergy information in financial statements do not preclude the IASB from further analysing and redeliberating whether to require an entity to disclose performance and expected synergy information in financial statements; and
 - (b) no change is required to the proposed requirements in respect of these concerns.

² Based on Bain & Company, ‘Looking Back at M&A in 2023: Who Wins in a Down Year?’, Bain & Company, 2024, <https://www.bain.com/insights/looking-back-m-and-a-report-2024/>. Used with permission from Bain & Company.

47. We will consider costs of implementing or updating processes and controls as part of our analysis of the cost-benefit trade-off on the proposals.

Suggestions

48. As paragraphs 44–48 of the [December agenda paper](#) notes respondents had different suggestions on how to address the concerns (see paragraph 23 for a list of the concerns). These suggestions included:
- (a) requiring an entity to provide performance and expected synergy information in management commentary instead of financial statements—paragraphs 8–10 of [Agenda Paper 18](#) to the IASB’s March 2025 paper present our analysis of this suggestion;
 - (b) suggestions for managing the audit expectations gap and litigation risk that might arise from disclosing performance and expected synergy information in financial statements—Agenda Papers [18A](#) and [18B](#) to the IASB’s June 2025 meeting and Agenda Paper [18A](#) to the IASB’s July meeting present our analysis of these suggestions;
 - (c) field testing the proposed requirements—paragraphs 11–14 of [Agenda Paper 18](#) of the IASB’s March 2025 meeting present our analysis of this suggestion.
 - (d) requiring the information only for entities with public accountability or those that are listed (see paragraphs 49–54 of this paper); and
 - (e) disclosing only qualitative information about performance and expected synergies—we will analyse this suggestion when discussing feedback specific to performance and expected synergy information in future meetings.

Requiring performance and expected synergy information only for entities with public accountability or those that are listed

49. In developing the [Exposure Draft](#), the IASB considered suggestions to exempt private and unlisted entities applying IFRS Accounting Standards from disclosing

performance information—see paragraphs 25–37 of [Agenda Paper 18C](#) to the IASB’s July 2023 meeting (reproduced in Appendix B to this paper).

50. As paragraph 47 of the [December agenda paper](#) notes, some respondents suggested requiring performance and expected synergy information only for entities with public accountability or those that are listed. These respondents said the cost of disclosing performance and expected synergy information would outweigh the benefits for smaller, private entities that apply IFRS Accounting Standards. A few respondents from Latin America suggested consolidating all disclosure requirements that are relevant for only listed entities as part of a new IFRS Accounting Standard.
51. Consolidating all disclosure requirements that are relevant for only listed entities as part of a new IFRS Accounting Standard is beyond the scope of this project.
52. Our analysis below considers whether the IASB should exempt entities other than those that have public accountability or those that are listed—that is, subsidiaries without public accountability and other unlisted entities that apply IFRS Accounting Standards.

Subsidiaries without public accountability

53. The IASB has considered whether to require eligible subsidiaries applying IFRS 19 *Subsidiaries without Public Accountability: Disclosures* to disclose performance and expected synergy information and has proposed specific requirements for those entities in the [Exposure Draft](#). We will consider feedback on the proposed amendments to IFRS 19 at a future meeting.

Other unlisted entities

54. We continue to agree with the IASB’s view that it should not exempt other unlisted entities that apply IFRS Accounting Standards from disclosing performance and expected synergy information for the reasons it previously considered (see Appendix B). Although the IASB’s previous considerations were in the context of performance

information, we think the rationale for not exempting other unlisted entities applying IFRS Accounting Standards from disclosing performance information applies equally to not exempting those entities from disclosing expected synergy information.

Initial view

55. Based on our analysis, we think the IASB should not limit its requirement for entities to disclose performance and expected synergy information to only entities with public accountability or those that are listed.

Summary of staff initial views

Information usefulness

56. Based on our analysis, we continue to agree with the IASB's view that requiring entities to disclose performance and expected synergy information will result in useful information for users. We think the concerns raised by some respondents about the usefulness of information do not prevent the information from being useful.

Monetary costs and other concerns

57. Based on our analysis, we think:
- (a) monetary costs and other concerns about requiring performance and expected synergy information in financial statements do not preclude the IASB from further analysing and redeliberating whether to require an entity to disclose performance and expected synergy information in financial statements; and
 - (b) no change is required to the proposed requirements in respect of these concerns.
58. We will consider costs of implementing or updating processes and controls as part of our analysis of the cost-benefit trade-off on the proposals.

Requiring performance and expected synergy information only for entities with public accountability or those that are listed

59. Based on our analysis, we think the IASB should not limit its requirement for entities to disclose performance and expected synergy information to only entities with public accountability or those that are listed.

Question 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 56–59?
- (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—Excerpt from Agenda Paper 18A for the IASB’s July 2025 meeting

A1. This appendix reproduces paragraphs 40–41 of [Agenda Paper 18A](#) for the IASB’s July 2025 meeting.

40. 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 KMP receive that information to review the business combination. Such information would—similar to KOTs—reflect only management’s expectations of expected synergies. This view 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 KMP receive that information to review the business combination. This 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 interpreting the proposals this way...

41. We plan to assess how the IASB’s proposed disclosure requirement for expected synergy information should be applied (and how to clarify the requirements if required) when the IASB redeliberates the proposals for expected synergies at a future IASB meeting...

Appendix B—Excerpt from Agenda Paper 18C for the IASB’s July 2023 meeting

B1. This appendix reproduced paragraphs 25–37 of [Agenda Paper 18C](#) for the IASB’s July 2023 meeting.

Unlisted entities

Feedback

25 Some national standard-setters and preparers responding to the Discussion Paper (see paragraph 122 of Agenda Paper 18C to the IASB’s April 2021 meeting) suggested not requiring private, unlisted entities and small and medium sized entities to disclose information about the subsequent performance of business combinations, because:

- (a) the information needs of users of these entities’ financial statements is likely to be lower than for public listed entities;
- (b) the owners of these entities are likely to have better access to information than for public listed entities; and
- (c) these entities typically have smaller finance departments and therefore any disclosure requirements in this area are likely to have a disproportionate cost for these entities.

26 Respondents did not comment on any of the IASB’s other preliminary views in relation to these types of entities.

Staff analysis

27 ...The following analysis applies to other private, unlisted entities that apply IFRS Accounting Standards and are either not eligible to apply the Subsidiaries Standard or do not opt to do so—hereafter referred to as unlisted entities that apply full IFRS Accounting Standards.

...

29 We think the IASB should not set separate requirements for unlisted entities that apply full IFRS Accounting Standards. We think the benefits and costs of requiring such an entity to disclose information about the subsequent performance of business combinations are the same as those for other entities applying IFRS Accounting Standards. In particular, we considered:

(a) the information needs for financial statement users of unlisted entities that apply full IFRS Accounting Standards (paragraphs 30–0); and

(b) costs of requiring the information (paragraphs 0–0).

Information needs

30 Unlisted entities that apply full IFRS Accounting Standards are likely to have users (eg shareholders) that have information needs that differ from lenders and creditors. In particular, the shareholders of such unlisted entities might not always be the management of the entity and therefore have the same information need as shareholders in entities with public accountability.

31 In particular...the primary purpose of information about the subsequent performance of business combinations is to allow users to assess management's stewardship of the entity's resources. We think this information need is no different for unlisted entities that apply full IFRS Accounting Standards compared with other entities that apply full IFRS Accounting Standards.

32 Accordingly, we think requiring unlisted entities that apply full IFRS Accounting Standards to disclose information about the subsequent performance of business combinations has the same

benefit as requiring this information more generally for other entities that apply full IFRS Accounting Standards.

Costs

33 We understand that unlisted entities that apply full IFRS Accounting Standards might have smaller finance and accounting departments than entities with public accountability. However, the management approach the IASB has tentatively decided to require for information about the subsequent performance of a business combination already scales costs for different sized entities.

34 The management approach focuses on the information the entity's key management personnel are already reviewing internally—the entity would not be required to collect and process additional information. In particular, if management of an unlisted entities that apply full IFRS Accounting Standards does not review the subsequent performance of a business combination, the entity would be required only to disclose that fact.

35 In addition, we think some of the concern about requiring unlisted entities that apply full IFRS Accounting Standards to disclose information about the subsequent performance of business combination is, in part, because the IASB's preliminary view used an entity's chief operating decision maker (CODM) to identify the business combinations and information to be disclosed. CODM is a term used in IFRS 8, which unlisted entities are not required to apply. Therefore, applying the preliminary view could increase the cost of financial reporting for unlisted entities that apply full IFRS Accounting Standards by requiring them to identify a CODM. However, the IASB has tentatively decided not to propose using CODM in this way and instead to require an entity to disclose information reviewed by an entity's key

management personnel (KMP) as defined in IAS 24 *Related Party Disclosures*. Unlisted entities that apply full IFRS Accounting Standards would not incur additional costs because they are required to apply IAS 24 and would therefore have already identified their KMP.

36 We also think identifying different populations of entities to require different items of information risks fragmenting IFRS Accounting Standards and creating confusion. Doing so could also give rise to expectations for the IASB to consider different disclosure requirements for different types of entities in future standard-setting.

Staff recommendation

37 We recommend the IASB does not exempt unlisted entities that apply full IFRS Accounting Standards from requiring an entity to disclose information about the subsequent performance of its business combinations.