
IASB® meeting

Date **April 2026**
Project **Business Combinations—Disclosures, Goodwill and Impairment**
Topic **Performance information subset—How to identify subset**
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Introduction

1. As Agenda Paper 18 explains, this paper:
 - (a) updates our analysis on whether to retain a subset approach and, if so, how to identify the subset of business combinations for which an entity would be required to disclose performance information¹ (subset); and
 - (b) asks whether the International Accounting Standards Board (IASB) agrees with our recommendations as summarised in paragraph 38–40.
2. Agenda Papers 18C and 18D to this meeting do not include any questions for the IASB. Instead, they supplement the analysis in this paper and provide detailed analysis on designing the approaches to identify the subset. Specifically:
 - (a) Agenda Paper 18C analyses how to design a threshold approach to identify that subset; and
 - (b) Agenda Paper 18D analyses how to design a more principle-based approach—in particular, a rebuttable presumption or an indicator-based approach—to identify a subset if the IASB decides not to pursue a threshold-based approach.

¹ Paragraph 5 explains what performance information is.

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3. The paper is structured as follows:
 - (a) background (paragraphs 5–20);
 - (b) whether to require performance information for only a subset (paragraphs 21–22);
 - (c) identifying the subset (paragraphs 23–37);
 - (d) summary of staff recommendations (paragraphs 38–40); and
 - (e) question for the IASB.

 4. As Agenda Paper 18 notes, whilst this agenda paper asks for tentative decisions on aspects of the package of proposed amendments, we will revisit the package of proposed amendments to IFRS 3 relating to performance and expected synergy information at a future IASB meeting to assess whether the expected benefits of that package outweigh the costs. We will consider, at that time, if any adjustments are needed to any of the tentative decisions made at this stage.

Background

Exposure Draft proposals

5. In its Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* ([Exposure Draft](#)), the IASB proposed to require an entity to disclose performance information for only a subset—which the [Exposure Draft](#) referred to as strategic² business combinations. This includes information about:
 - (a) an entity’s acquisition-date key objectives and related targets (KOTs); and
 - (b) the extent to which those KOTs are being met in subsequent periods.

² The [Exposure Draft](#) referred to the subset as ‘strategic’ business combinations. However, we acknowledge respondents’ concerns relating to the use of the term ‘strategic’. We have considered the use of this term in paragraph 37. This paper uses the term ‘strategic’ for simplicity.

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6. Applying the IASB's proposals in the [Exposure Draft](#), an entity would be required to disclose performance information about a business combination if:
- (a) in the most recent annual reporting period before the acquisition date:
 - (i) the absolute amount of the acquiree's operating profit or loss is 10 per cent or more of the absolute amount of the acquirer's consolidated operating profit or loss (operating profit threshold); or
 - (ii) the acquiree's revenue is 10 per cent or more of the acquirer's consolidated revenue (revenue threshold);
 - (b) the amount recognised as of the acquisition date for all assets acquired (including goodwill) is 10 per cent or more of the carrying amount of the total assets recognised in the acquirer's consolidated statement of financial position as at the acquirer's most recent reporting period date before the acquisition date (asset threshold); or
 - (c) the business combination resulted in the acquirer entering a new major line of business or geographical area of operations (qualitative thresholds).
7. Paragraphs BC45–BC73 of the Basis for Conclusions to the Exposure Draft ([Basis for Conclusions](#)) explain the IASB's rationale for requiring information for only a subset and for proposing a threshold approach for identifying that subset.

Summary of feedback

Whether to retain a subset approach and, if so, how to identify the subset

8. Paragraphs 8–13 of [Agenda Paper 18C](#) to the IASB's December 2024 meeting summarise feedback on whether to retain a subset approach and, if so, how to identify the subset. In particular:
- (a) respondents generally supported requiring an entity to disclose performance information for only a subset for reasons considered by the IASB while a few

respondents disagreed and said performance information about all material business combinations would be useful.

- (b) many respondents agreed with a threshold approach³ and said a threshold approach:
 - (i) is practical, easy-to-implement and balances costs and benefits; and
 - (ii) can be applied consistently and enforced.
 - (c) many respondents disagreed with using a threshold approach and suggested adopting a more principle-based approach. Some of these respondents said a more principle-based approach would:
 - (i) align with the principle-based approach used for developing IFRS Accounting Standards.
 - (ii) clarify the intention and rationale for requiring an entity to disclose performance information for a business combination. This would help preparers apply appropriate judgements in determining which business combinations to disclose performance information about.
 - (iii) prevent structuring business combinations to meet or avoid meeting the proposed thresholds.
9. Respondents suggested different ways to develop a principle-based approach:
- (a) many suggested a rebuttable presumption approach;
 - (b) some suggested an indicator-based approach;
 - (c) a few suggested a definition-only based approach;
 - (d) a few suggested allowing management to exercise discretion; and
 - (e) a few suggested adding a catch-all provision.

³ This includes all stakeholders who agreed with any form of threshold approach—Agenda Paper 18C analyses feedback on the proposed thresholds.

Thresholds and other matters

10. Paragraph 10 of Agenda Paper 18B to the IASB's April 2025 meeting ([April Paper 18B](#)) summarises respondents' feedback on the measures on which the proposed quantitative thresholds are based. In summary, respondents had split views on the measures and many respondents suggested changes to the measures on which the proposed quantitative thresholds are based.
11. Paragraphs 30–33 of [April Paper 18B](#) summarise feedback on the proposed qualitative thresholds. In summary, many respondents highlighted challenges in applying the proposed qualitative thresholds.

Prior discussions

12. The IASB discussed our initial analysis of feedback on the subset at its meeting in April 2025. [Agenda Papers 18A](#), [18B](#) and [18C](#) for that meeting (April agenda papers) provided our initial analysis of that feedback and summarised our initial views and next steps.

Whether to retain a subset approach and, if so, how to identify the subset

13. Paragraphs 36–38 of Agenda Paper 18A to the IASB's April 2025 meeting ([April Paper 18A](#)) summarised our initial views on whether to retain a subset approach and, if so, how to identify the subset. As those paragraphs note:

36. In our initial view, we think the IASB should retain its proposal to require an entity disclose performance information for only a subset of its business combinations.

37. We have not reached a staff view on the approach to identify the subset (that is, a threshold approach, a rebuttable presumption approach or an indicator-based approach). Before reaching a staff view, we plan to consult on specific thresholds (see Agenda Paper 18B) and aspects of a rebuttable presumption

approach (paragraph 24) which could also inform our views on an indicator-based approach. We intend to do no further work on the definition-only based (paragraphs 31–33) and management discretion (paragraphs 34–35) approaches.

38. As Agenda Paper 18 explains, we will use feedback from consultations (on the topics in this paper and Agenda Paper 18B) to inform further analysis and reach a recommendation. We will present the feedback, our updated analysis and our recommendation at a future IASB meeting.

14. IASB members agreed with our planned next steps to consult and did not request any other research or consultation.

Thresholds for identifying a subset and other matters

15. [April Paper 18B](#) provided our initial analysis of feedback, including our analysis of the thresholds used to identify the subset, as well as other matters related to the identification of the subset.
16. Paragraphs 54–56 of [April Paper 18B](#) summarise our initial views and next steps. As those paragraphs note:

54 We think the IASB should not consider further the following:

- (a) additional quantitative or qualitative thresholds suggested by respondents (paragraphs 17 and 38–39);
- (b) developing requirements to identify a series of business combinations entered into to achieve the same strategic objective(s) (paragraphs 47–50).

55 For the thresholds proposed in the Exposure Draft:

- (a) we think the IASB should retain the asset and revenue thresholds (paragraph 14);

(b) we plan to consult on the usefulness of having an operating profit threshold and whether using average operating profit as the threshold could address respondents' concern relating to its volatility (paragraph 15); and

(c) we will consider other aspects of the IASB's proposals (such as the approach to determining the subset or the type of performance information that the IASB would require an entity disclose for the subset of business combinations) before reaching a staff view on:

(i) setting the quantitative thresholds at 10% (paragraph 19–26);

(ii) whether to retain the proposed qualitative thresholds (paragraph 28–41);

(iii) whether to use multiple thresholds (paragraph 43–46); and

(iv) use of the term 'strategic' (paragraph 51–53).

56 As Agenda Paper 18 explains, we will use feedback from this meeting and consultations (on the topics in this paper and [Agenda Paper 18A](#)) to inform further analysis and reach a recommendation. We will present the feedback, our updated analysis and our recommendation at a future IASB meeting.

17. IASB members agreed with our planned next steps to consult. As paragraphs 47–50 of [April Paper 18B](#) explain, our initial view was to not further explore a series of business combinations entered into to achieve the same strategic objective(s). During the April IASB meeting, some IASB members agreed with our initial view and some other IASB members asked us to explore further ways to identify a series of a business combinations.

Additional outreach and research

18. As discussed at the IASB's April 2025 meeting, we consulted with the IASB's consultative groups on topics relating to a potential rebuttable resumption approach and an operating profit threshold. This includes meetings with:
- (a) Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) at their joint [June 2025 meeting](#);
 - (b) Accounting Standards Advisory Forum (ASAF) at its [July 2025 meeting](#); and
 - (c) IFRS Interpretations Committee (IFRIC) at its [June 2025 meeting](#).
19. We have also received additional information from stakeholders about the proposed thresholds. Agenda Paper 18C summarises this additional information.
20. Agenda Papers 18C and Agenda Paper 18D for this meeting incorporate feedback from our meetings with the consultative groups and findings from additional information and research. Agenda Paper 18C also includes our updated analysis on identifying a series of business combinations.

Whether to require information for only a subset

21. Paragraphs 6–10 of [April Paper 18A](#) explain why we continue to agree with the IASB's proposals to require an entity to disclose performance information for only a subset. We continue to hold this view following the IASB's discussion in its April 2025 meeting.

Staff recommendation

22. We recommend retaining the proposal to require an entity disclose performance information for only a subset.

Identifying the subset

23. Agenda Papers 18C and 18D include our detailed analysis and views on what a threshold and rebuttable presumption approach could look like. This section includes:
- (a) a summary of our views on how to design the approaches (paragraphs 24–29);
 - (b) a comparison of the threshold and rebuttable presumption approaches (paragraphs 30–36); and
 - (c) use of the term ‘strategic’ (paragraph 37).

Summary of views on how to design the approaches

Threshold approach

24. Agenda Paper 18C for this meeting includes our detailed analysis and views about what a thresholds approach could look like. Our analysis in that paper builds on our initial views summarised in [April Paper 18B](#) and considers information from additional outreach and research (see paragraphs 18–19).
25. As paragraph 56 of Agenda Paper 18C summarises, if the IASB decides to retain the threshold approach, we think the IASB should:
- (a) retain the proposed revenue and asset thresholds;
 - (b) remove the proposed operating profit threshold;
 - (c) retain the proposal to set the quantitative thresholds at 10%;
 - (d) remove the proposed qualitative thresholds; and
 - (e) make no changes in respect of other feedback on the proposed threshold approach (for example, only disclosing business combinations which meet multiple thresholds or developing a method to identify a series of business combinations).

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26. Consequently, applying the threshold approach (as modified considering our views in paragraph 25), an entity would be required to disclose performance information for a business combination that meets either the asset threshold or the revenue threshold.

Rebuttable presumption/ indicator-based approach

27. Agenda Paper 18D for this meeting includes our detailed analysis and views about designing a more principle-based approach to identifying the subset—in particular, about the suggestions to develop a rebuttable presumption approach or an indicator-based approach. Our analysis in that paper builds on our initial views summarised in April and considers information obtained from additional outreach and research (see paragraphs 18–20).
28. As summarised in paragraph 39–40 of Agenda Paper 18D, if the IASB chooses to pursue a more principle-based approach than the threshold approach, we think the IASB should choose a rebuttable presumption approach. To design a rebuttable presumption approach, we think the IASB should:
- (a) use the same set of quantitative thresholds as we suggest using for the threshold approach—that is revenue and asset (but not operating profit) thresholds set at 10% and no qualitative thresholds;
 - (b) design the basis for rebuttal by describing the subset as business combinations for which success is essential for the advancement or achievement of an entity’s overall business strategy;
 - (c) require entities to consider rebutting the presumption that performance information would be disclosed only for a business combination that meets the thresholds; and
 - (d) in the event that an entity rebuts the presumption, require an entity to disclose the fact that it has rebutted the presumption but not the reason for doing so.
29. In other words, in applying a rebuttable presumption approach:

- (a) an entity would be presumed to be required to disclose performance information about a business combination that meets the asset threshold or the revenue threshold (the same thresholds as would be used in the threshold approach—see paragraph 25).
- (b) an entity would consider rebutting this presumption using the basis for rebuttal. Consequently, despite the presumption, an entity would not need to disclose information for a business combination if the success of that business combination is not essential for the advancement or achievement of an entity's overall business strategy. If the entity rebuts the presumption, the entity would disclose the fact that it has rebutted the presumption.

Comparing the threshold and rebuttable presumption approaches

Staff analysis

- 30. Considering our analysis of the thresholds approach in Agenda Paper 18C and the rebuttable presumption approach in Agenda Paper 18D:
 - (a) the advantages of the threshold approach include:
 - (i) it does not require designing a basis on which an entity needs to rebut the presumption; and
 - (ii) it would be easier to apply, audit and enforce, leading to lower costs (as considered in paragraph BC60(b) of the [Basis for Conclusions](#)); and
 - (b) the advantages of the rebuttable presumption approach include:
 - (i) it is aligned with the principle-based approach typically used for developing IFRS Accounting Standards (as considered in paragraph BC60 of the [Basis for Conclusions](#));
 - (ii) it could avoid inappropriately capturing business combinations that might not be important because the quantitative thresholds would be to

some extent arbitrary (as considered in paragraph BC60 of the [Basis for Conclusions](#)); and

- (iii) it could prevent structuring business combinations to avoid meeting the proposed thresholds.

31. When comparing the threshold and rebuttable presumption approaches, a primary disadvantage of a threshold approach as flagged by respondents to the [Exposure Draft](#) is its potential to inappropriately capture unimportant business combinations. This concern arose primarily because of the volatility of operating profit which could result in business combinations being inappropriately captured by the operating profit threshold. However, as paragraph 25 notes, we suggest removing the operating profit threshold, which in our view would largely address this concern. We also note that, regardless of which approach the IASB chooses, paragraph 15 of IFRS 18 *Presentation and Disclosure in Financial Statements* says an entity need only disclose ‘material information’.
32. We acknowledge a threshold approach could also result in entities attempting to structure business combinations to avoid meeting the proposed thresholds. However, business combinations are substantive transactions with an external party, so there are unlikely to be many structuring opportunities.
33. On the other hand, a primary disadvantage of a rebuttable presumption approach is the level of judgement required in applying this approach. As paragraph 18 of Agenda Paper 18D notes, stakeholders have mixed views on how practical such an approach would be. The basis for rebuttal, as summarised in paragraph 28(b), would require an entity to assess whether the success of a business combination meeting the thresholds is essential for the advancement or achievement of an entity’s overall business strategy. We think entities would be able to perform this assessment, however, doing so would require judgement and could involve subjectivity, which could increase the cost of application for preparers and could lead to increased tension among preparers, auditors and regulators.

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34. In addition, we think the cost of implementing the rebuttable presumption approach would be higher than that of the threshold approach because the rebuttable presumption approach would be more difficult to apply, audit and enforce.
35. Overall, we think the rebuttable presumption approach would be less cost-beneficial than a threshold approach.

Staff recommendation

36. Based on our analysis in paragraphs 30–34, we recommend retaining the proposed thresholds approach to identify the subset (with the changes set out in paragraph 25).

Use of the term ‘strategic’

37. Some respondents expressed concerns about the term ‘strategic’ business combinations to describe the subset. Assuming the IASB agrees with our recommendation in paragraph 36 to retain the proposed threshold approach (with the amendments discussed), we think it would be unnecessary to name the subset. The IASB could, for example, list the thresholds and require an entity to disclose performance information for a business combination that meets those thresholds without using a term to describe such business combinations. We will consider this in drafting.

Summary of staff recommendations

38. We recommend retaining the proposal to require an entity to:
- (a) disclose performance information for only a subset of business combinations; and
 - (b) identify the subset using a threshold approach.
39. In relation to the design of the threshold approach, we recommend:
- (a) retaining the proposed revenue and asset thresholds;

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- (b) removing the proposed operating profit threshold;
 - (c) retaining the proposal to set the quantitative thresholds at 10%; and
 - (d) removing the proposed qualitative thresholds.
40. As Agenda Paper 18C explains, we recommend making no changes in respect of other feedback on the proposed thresholds approach (for example, only disclosing performance information for business combinations which meet multiple thresholds or developing a method to identify a series of business combinations).

Question for the IASB

Do IASB members agree with our recommendations in paragraphs 38–40?