IFRS Accounting

Staff paper

Agenda reference: 18

IASB® meeting

Date	**July 2026**
Project	**Business Combinations—Disclosures, Goodwill and Impairment**
Topic	**Cover Paper**
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Introduction and purpose

1. The Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* (Exposure Draft) included proposals to amend IFRS 3 *Business Combinations* to require entities to disclose performance and expected synergy information (package of performance and expected synergy information). The Exposure Draft also proposed other amendments to some disclosure requirements in IFRS 3 and targeted amendments to IAS 36 *Impairment of Assets* to improve the effectiveness and reduce the cost and complexity of the impairment test (other IFRS 3 and IAS 36 amendments).

2. At its May 2026 meeting the International Accounting Standard Board (IASB) discussed our suggested package of performance and expected synergy information disclosures (May 2026 suggested package), which included changes in response to feedback on the Exposure Draft. The IASB was asked whether it agreed with our view that the benefits of the May 2026 suggested package would justify the costs.[1]

3. The IASB decided that the benefits of the May 2026 suggested package would justify the costs. However, only seven of 13 IASB members agreed with that decision, which

[1] The IASB was only asked about the overall benefits and costs of the suggested package and was not asked to decide on the specific requirements in the suggested package. Our planned next steps to finalise the requirements for performance and expected synergy information included asking the IASB to decide on the specific requirements in future IASB meetings.

suggests that there might not be a supermajority of IASB members[2] in favour of publishing final amendments to IFRS Accounting Standards that include the May 2026 suggested package. Therefore, the IASB asked us to consider updating the May 2026 suggested package, taking into account concerns and suggestions for possible changes that were discussed by IASB members at that meeting.

4. Agenda Paper 18A analyses and presents our views on how the IASB could update the package of performance and expected synergy information (updated package). Agenda Paper 18A asks:

    (a) if the IASB agrees that the updated package could improve financial reporting;

    (b) if the IASB agrees with our planned next steps to finalise the updated package; and

    (c) if the IASB does not agree with our planned next steps to finalise the updated package, whether to proceed with the next steps on the suggested package from the May 2026 IASB meeting.

5. Agenda Paper 18B will only be discussed if the IASB decides to not continue working on the next steps for either the updated package or the May 2026 suggested package, so the IASB will not finalise any performance and expected synergy amendments. Agenda Paper 18B asks if the IASB agrees with our recommendations for finalising the other IFRS 3 and IAS 36 amendments.

6. Appendix A to this paper summarises the Exposure Draft proposals, respondents' feedback and the IASB's discussions and tentative decisions to date.

[2] Paragraph 3.16 of the Due Process Handbook says "A *supermajority* of the Board requires that: (a) eight members ballot or vote in favour of publishing a document if the board has 13 or fewer members…".

Appendix A—Summary of discussions and tentative decisions

A1. This table summarises the Exposure Draft proposals, respondents' feedback and the IASB's discussions and tentative decisions to date.

Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
(a) Objective	The project's objective is to explore whether an entity can, at a reasonable cost, provide users with more useful information about business combinations.	Although not specifically asked, some respondents provided feedback on the objective, of which most agreed, and some expressed concerns about whether the proposals go far enough.	[February 2025](): the IASB tentatively decided to retain the project objective but to adjust its wording to reflect the stage of the project.
(b) Whether to require performance and expected synergies information	Disclose performance and expected synergies information in financial statements. The specific information proposed is shown in rows below.	There were divergent views. In particular, almost all users confirmed the need for the information and most preparers continued to disagree with requiring the information in financial statements. Respondents who disagreed	[September 2025](): the IASB discussed usefulness of performance and expected synergy information. The IASB also discussed: (a) conceptual reasons—the IASB discussed conceptual reasons in [March 2025](). The IASB tentatively decided to continue to redeliberate the proposed requirements for an entity to disclose

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		generally gave the following common reasons: (a) conceptual reasons; (b) auditability and expectation gap; (c) commercial sensitivity and litigation risks arising from disclosure of forward-looking information; and (d) monetary costs and other concerns.	performance and expected synergy information. (b) commercial sensitivity and litigation risks—the IASB had an initial discussion in June 2025 but did not make any tentative decisions. The staff will consult on specific aspects before asking the IASB for tentative decisions. (c) auditability and expectation gap— the IASB had an initial discussion in July 2025. The staff will consult on specific aspects before asking the IASB for tentative decisions. (d) monetary costs and other concerns—the IASB had an initial discussion in September 2025 but did not make any tentative decisions. The staff will consider costs as part of the cost-benefit trade-off.

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			May 2026: the IASB tentatively decided that the benefits of the Staff's suggested package of performance and expected synergy information would justify the costs.
(c) Performance information—subset	Disclose performance information for only a subset of material business combinations—referred to as strategic business combinations—identified by quantitative and qualitative thresholds.	Respondents generally supported a subset approach. However: (a) many agreed with a threshold approach but many others suggested a principles-based approach; (b) most disagreed with at least one of the proposed thresholds; and (c) some expressed concerns about the term 'strategic'.	April 2025: the IASB had an initial discussion. April 2026: the IASB tentatively decided to retain the proposal to require an entity to disclose performance information for only a subset of business combinations. The IASB tentatively decided to retain a threshold approach to identify the subset and: (a) to retain the proposed revenue and asset thresholds; (b) to remove the proposed operating profit threshold; (c) to retain the proposal to set the quantitative thresholds at 10%; and

Topic	Exposure Draft proposals	Feedback	Discussions and tentative decisions
			(d) to remove the proposed qualitative thresholds.
(d) Performance information—management approach and other feedback	Disclose performance information based on the information reviewed by the entity's key management personnel (KMP), including: (a) acquisition-date key objectives and related targets (KOTs); and (b) the extent to which those KOTs are being met in subsequent periods, for as long as KMP review that information.	(a) Most respondents agreed with disclosing KOTs based on the information reviewed by KMP and some respondents disagreed; and (b) many respondents agreed with disclosing information for as long as KMP review, some respondents disagreed and some did not comment.	October 2025: the IASB had an initial discussion but did not make any tentative decisions. The staff will consult on specific aspects before asking the IASB for tentative decisions.
(e) Expected synergy information	Information about expected synergies for each business combination including: (a) a description of expected synergies by category; and (b) for each category:	Some respondents (including most users and user groups) agreed but most respondents (including almost all preparers and preparer groups and accounting firms) disagreed.	October 2025: the IASB had an initial discussion but did not make any tentative decisions. The staff will consult on specific aspects before asking the IASB for tentative decisions.

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	(i) the estimated amounts; (ii) the estimated costs; and (iii) the expected timing.		May 2026: the IASB discussed the population for expected synergy information but did not make any tentative decisions.
(f) Exemption from some disclosure requirements	An entity would be exempt from disclosing expected synergy information and some aspects of performance information if doing so can be expected to prejudice seriously the achievement of any of the entity's acquisition-date key objectives for the business combination. The Exposure Draft also proposed application guidance to accompany the exemption.	Almost all respondents agreed with having an exemption but many said the exemption should be expanded to cover other situations in which information would be so commercially sensitive that it should not be disclosed in financial statements.	June 2025: the IASB had an initial discussion. December 2025: the IASB had an initial discussion of which items of information the exemption applies to and some related clarification requests but did not make any tentative decisions. April 2026: the IASB tentatively decided: (a) to continue to exempt entities from disclosing some information in specific situations; (b) to refine the exemption to exempt entities from disclosing information that would result in a breach of legal or regulatory requirements;

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			(c) to remove the proposal to require entities to disclose the reason for applying the exemption; and (d) to not otherwise change which situations the exemption applies to or the application guidance / examples.
(g) Other IFRS 3 disclosures	Amendments including: (a) to add two new disclosure objectives; (b) to require disclosure of the 'strategic rationale' instead of 'primary reasons' for a business combination; and (c) to specify that for the information about the contribution of an acquired business: (i) the amount of profit or loss is the amount of 'operating' profit or loss;	(a) Almost all respondents agreed; (b) almost all respondents agreed; and (c) for the contribution of an acquired business: (i) most respondents agreed; (ii) most respondents agreed; and (iii) many agreed but many disagreed.	May 2025: the IASB tentatively decided: (a) to retain the proposed disclosure objectives to guide its redeliberations; (b) to retain the proposal; and (c) for the contribution of an acquired business: (i)–(ii) to retain the proposals; and (iii) to instead require an entity to disclose the basis on which it prepared combined entity information.

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	(ii) application guidance would not be provided; and (iii) the basis for preparing the information is an accounting policy.		The May 2025 IASB Update reports the IASB's tentative decisions on other IFRS 3 disclosures which are not reproduced here.
(h) Restructuring and asset enhancement cash flows	Remove the requirement to exclude restructuring and asset enhancement cash flows when calculating value in use (VIU) of an asset or a cash-generating unit (CGU).	Many respondents agreed but many others disagreed.	July 2025: the IASB had an initial discussion. April 2026: the IASB tentatively decided: (a) to retain the proposal; and (b) to not add any additional requirements, clarifications or illustrative examples.
(i) Allocating goodwill to CGUs	Targeted changes to IAS 36 to improve how entities allocate goodwill to CGUs and therefore reduce shielding.	Many respondents agreed but many others disagreed (including almost all respondents who suggest reintroducing amortisation of goodwill).	December 2025: the IASB tentatively decided: (a) to retain the proposal to replace the phrase 'goodwill is monitored' in paragraph 80(a) with 'business associated with the goodwill is monitored';

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			(b) to retain the proposal to clarify that paragraph 80(b) acts as a ceiling to the level an entity determines by applying paragraph 80(a); (c) to retain proposed paragraph 80A(b) with some wording changes; and (d) to make no other changes to the proposed amendments.
(j) Segment disclosure	Disclose in which reportable segment a CGU (or group of CGUs) containing goodwill is included.	Most respondents agreed and some disagreed.	July 2025: the IASB tentatively decided to require an entity to disclose the reportable segment in which a cash-generating unit or group of cash-generating units containing goodwill is included.
(k) Post-tax cash flows and discount rates	Remove the requirement to use pre-tax cash flows and discount rate when calculating VIU.	Almost all respondents agreed and a few disagreed.	July 2025: The IASB tentatively decided: (a) to remove the requirement for an entity to use pre-tax cash flows and a pre-tax discount rate for calculating value in use; and

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			(b) to require an entity to disclose whether the discount rate used in calculating value in use is pre-tax or post-tax.
(l) Subsidiaries without public accountability	To require an eligible subsidiary to disclose: (a) expected synergy information; (b) the strategic rationale for a business combination; (c) information about the contribution of the acquired business; and (d) whether the discount rate used in an impairment test is pre-tax or post-tax.	(a) Many respondents agreed but many others disagreed. Most of the respondents who disagreed also disagreed with disclosing expected synergy information more generally for all entities. (b–d) most respondents agreed.	To be discussed at a future meeting.
(m) Transition	(a) To require entities already applying IFRS Accounting Standards to apply the amendments prospectively with earlier application permitted; and	(a) Most respondents agreed and some disagreed, particularly with the proposed transition requirements for IAS 36; and	To be discussed at a future meeting.

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	(b) no transition relief for first-time adopters.	(b) most respondents agreed and some disagreed.	