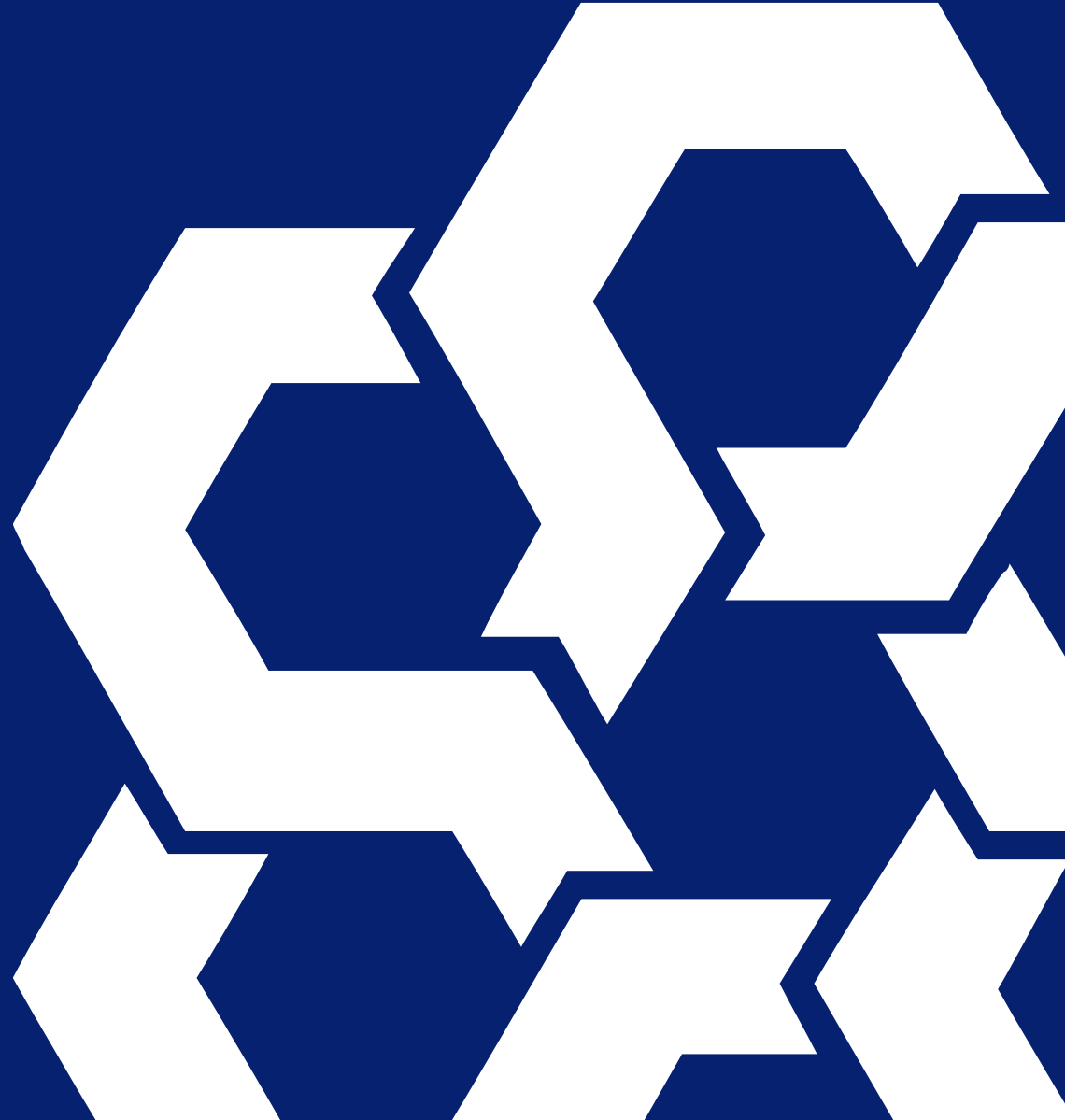

FASB | IASB Education Meeting

Date	5 June 2026
Project	Business Combinations—Disclosures, Goodwill and Impairment
Topic	Project update
Contact	Akshaya Megharikh (akshaya.megharikh@ifrs.org)

This paper has been prepared for discussion at a public education meeting of the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). It is not intended to represent the views of the boards or any individual member of either board or the staff. Comments on the application of IFRS[®] Accounting Standards or US GAAP do not purport to set out acceptable or unacceptable application of IFRS Accounting Standards or US GAAP. Tentative technical decisions are made in public and reported in FASB Action Alert or in IASB Update. Official positions of the FASB or the IASB are determined after extensive due process and deliberations.

Background



Summary of the Exposure Draft

Objective

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

Proposals

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

Better information for better decisions

– increases transparency and usefulness of information

Feedback overview

Overall project objective

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

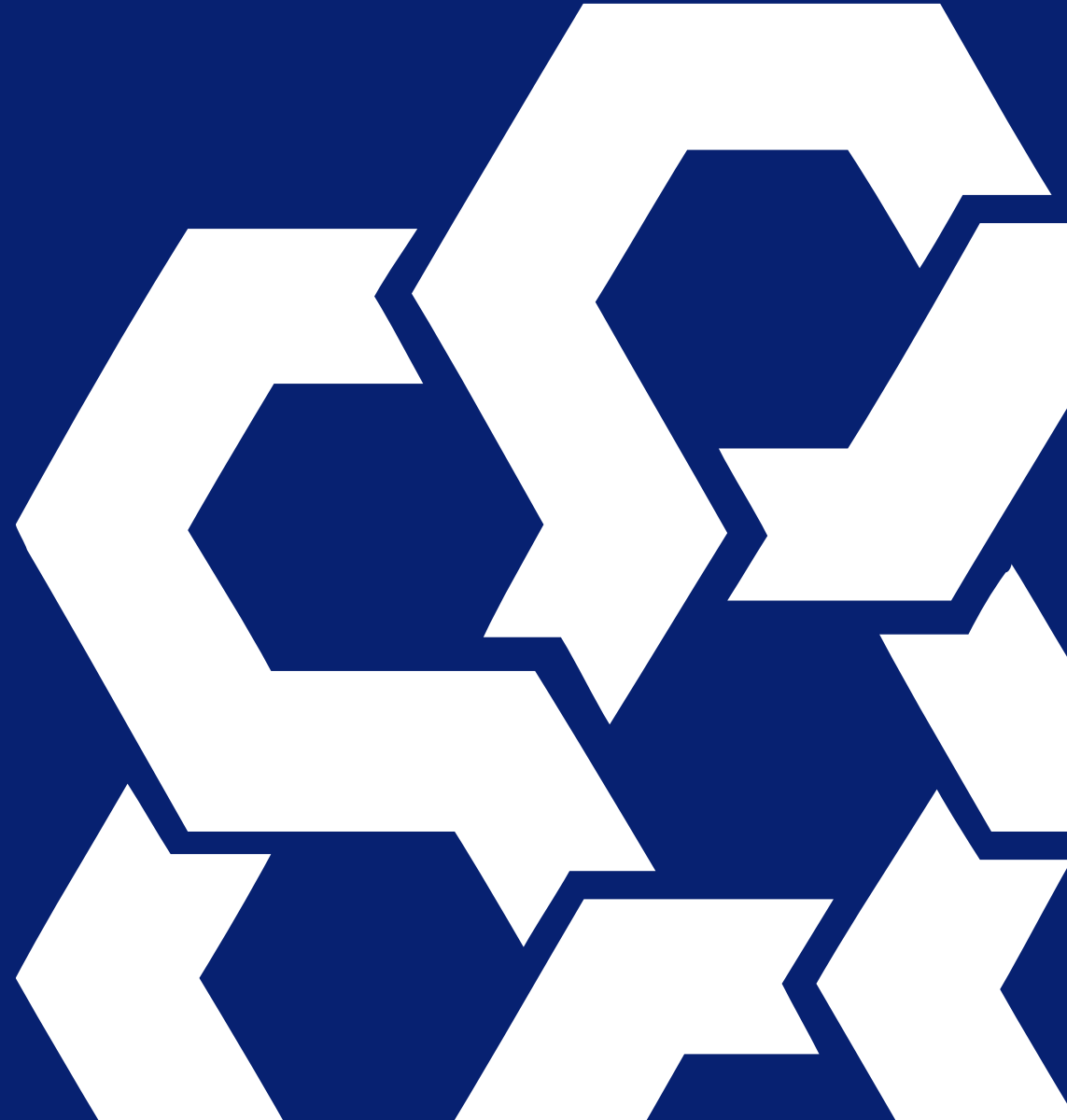
Performance and expected synergy information

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

Impairment

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

Redeliberations and status update



Redeliberations and status update

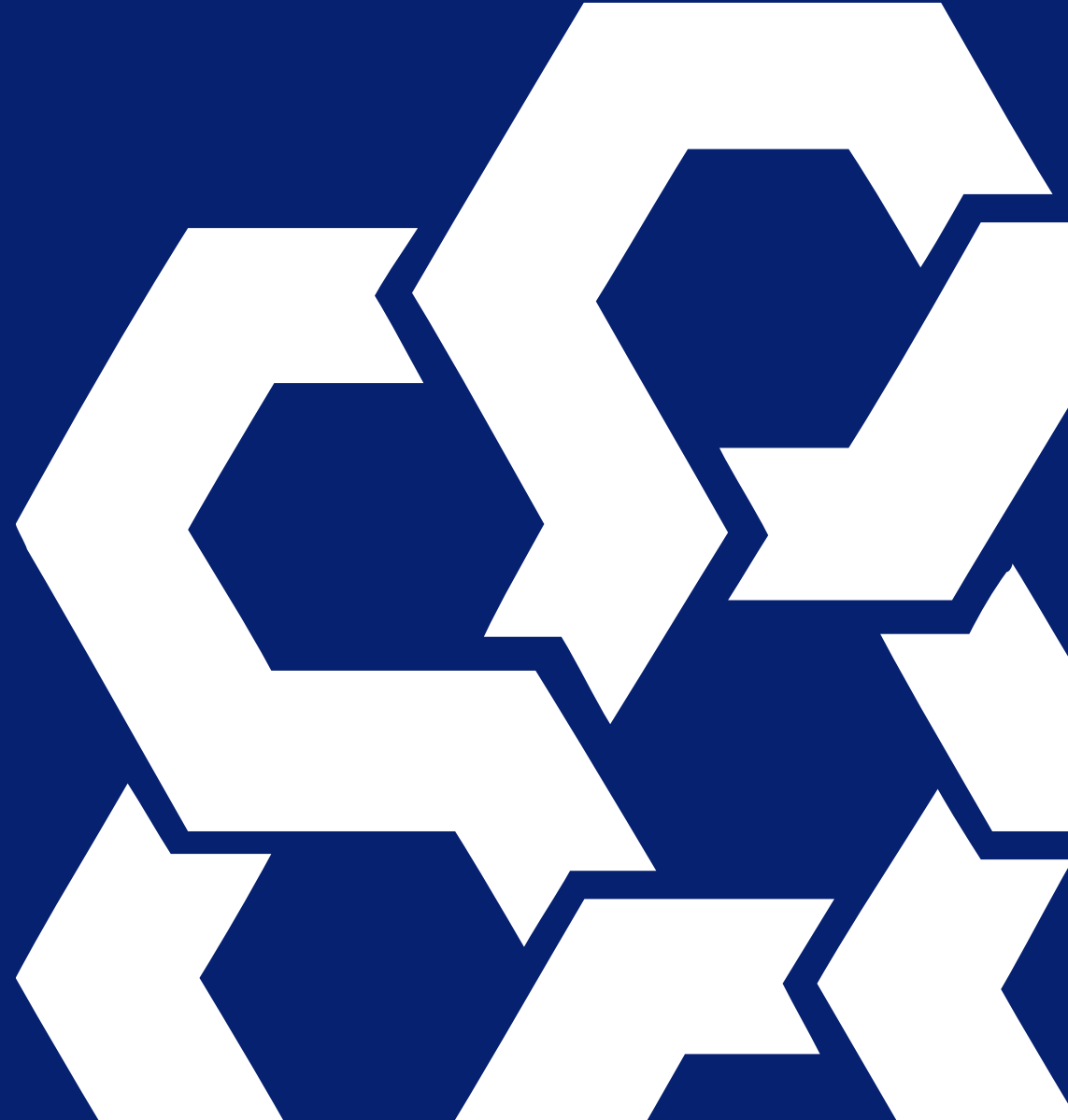
- The IASB discussed staff's initial analysis on most aspects of the feedback and made tentative decisions on some aspects at meetings between February 2025 and April 2026.
- IASB staff had follow-on consultations with the IASB's consultative groups on:
 - the subset for performance information;
 - the exemption from some disclosure requirements; and
 - some other aspects of performance and expected synergy information.
- IASB staff also consulted other stakeholders on the following topics:
 - concerns about the lack of safe harbour protections (with stakeholders who commented on it); and
 - auditability and audit expectations gap (with audit professionals).

Redeliberations and status update

- The IASB discussed a suggested package of performance and expected synergy disclosures at its May meeting. This package—summarised in the Appendix— included suggested changes to the package proposed in the Exposure Draft in response to feedback.*
- The IASB tentatively decided that the benefits of that package would justify the costs. Seven of 13 IASB members agreed with this decision.
- The IASB will continue redeliberating the proposals in the Exposure Draft including the package of performance and expected synergy disclosures. The IASB expects to make a decision on project direction in H2 2026.

*Papers for the IASB's May 2026 meeting and a recording of the meeting are available on [the meeting page](#).

Appendix—Proposed package



BCDGI—Staff suggested IFRS 3 package

At acquisition

- ✓ Key objectives for a subset S E
- ✓ Targets for a subset S E
 - + Only currency unit targets
 - + How performance information is measured
- ✓ Expected synergies for all material BCs E
- ~~X Aggregated expected synergies for individually immaterial BCs~~ E
- + Statements that targets / expected synergies are management's expectation

Subset for performance information:

- ✓ 10% of revenue
- ~~X 10% of operating profit~~
- ✓ 10% of total assets
- ~~x Qualitative thresholds~~

Subsequently

- ✓ Actual performance S
 - + Only performance against currency unit targets
 - + How performance information is measured
- ~~X Qualitative statement~~ E

Exemption

- ✓ If disclosure seriously prejudices any of the acquisition's KOTs; or
- + If disclosure breaches legal / regulatory requirements.

Key

- ✓ Retain from Exposure Draft
 - ~~X Remove from Exposure Draft~~
 - + Add since Exposure Draft
- S Only required for a Subset
E Exemption can be applied

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