IFRS Accounting

Staff paper

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IASB® meeting

Date	**September 2026**
Project	**Business Combinations—Disclosures, Goodwill and Impairment**
Topic	**Updating subsequent performance information**
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Purpose and structure

1. As Agenda Paper 18 explains, this paper analyses and presents our views on the type of information the International Accounting Standards Board (IASB) should require an entity to disclose about the subsequent performance of a business combination (subsequent performance information).

2. This paper is structured as follows:

   (a) background (paragraphs 5–11);

   (b) staff analysis (paragraphs 12–27);

   (c) next steps and timing (paragraphs 28–31); and

   (d) questions for the IASB.

3. Appendix A discusses other potential considerations about subsequent performance information that are applicable under both approaches to disclosing subsequent performance information that are discussed in this paper. Appendix B discusses other details that would apply to the package of performance and expected synergy information the IASB discussed in its July 2026 meeting.

4. Agenda Papers 18B and 18C to this meeting do not include any questions for the IASB. Instead, they supplement our analysis in this paper and include detailed analysis on how to update the requirements for subsequent performance information. Specifically:

   (a) Agenda Paper 18B analyses how the IASB could require an entity to disclose subsequent performance information using the management approach; and

   (b) Agenda Paper 18C analyses how the IASB could require an entity to disclose subsequent performance information using a specified metrics approach.

Background

Exposure Draft proposals

5. The Exposure Draft's proposed amendments included, among other things:

   (a) for a subset of material business combinations, requiring an entity to disclose performance information, specifically:

      (i) in the year of acquisition, information about the entity's acquisition-date key objectives and the related targets; and

      (ii) in the year of acquisition and subsequent reporting periods:

         (1) information about actual performance being reviewed to determine whether acquisition-date key objectives and the related targets are being met; and

         (2) a qualitative statement of whether actual performance is meeting or has met the key objectives and related targets for a business combination;

   (b) requiring an entity to disclose quantitative information about synergies expected to arise from a business combination (expected synergy information); and

(c) exempting, in specific circumstances, an entity from disclosing some performance and expected synergy information.

6. The following diagram summarises the package of performance and expected synergy information proposed in the Exposure Draft (Exposure Draft package).

At acquisition

- Key objectives for a subset S E
- Targets for a subset S E
- Expected synergies for all material BCs E
- Aggregated expected synergies for individually immaterial BCs E

Subsequently

- Actual performance S
- Qualitative statement S E

Subset for performance information:

- 10% of revenue
- 10% of operating profit
- 10% of total assets
- Qualitative thresholds

Exemption

- Need not disclose required information if disclosure seriously prejudices any of the acquisition's key objectives or targets (KOTs).

Key S Only required for a Subset

E Exemption can be applied

Redeliberation status

7. In its recent meetings, the IASB has discussed the package of performance and expected synergy information.

8. At its May 2026 meeting, the IASB discussed our suggested package, which included changes in response to feedback on the Exposure Draft (see Agenda Paper 18A for the IASB's May 2026 meeting). The IASB decided that the benefits of the May 2026 suggested package would justify the costs.[1] However, only seven of 13 IASB members agreed with that decision, which suggested that there might not be a supermajority of IASB members[2] in favour of publishing amendments to IFRS

[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. We are no longer considering the May 2026 package because the IASB directed us to explore variations of the July package.

[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…".

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 discussed at that meeting.

9. At its July 2026 meeting the IASB discussed our updated package, which took into account concerns and suggestions for possible changes discussed at the IASB's May 2026 meeting. This updated package would require an entity to disclose:

   (a) in the year of acquisition, the strategic rationale and key objectives for all material business combinations; and

   (b) in the year of acquisition and subsequent reporting periods, the subsequent performance information for all material business combinations (including a description of how performance information is measured).

10. The IASB directed us to explore further the type of subsequent performance information an entity would be required to disclose as part of the updated package. Ten of 12 IASB members agreed with this decision.

11. In particular, the IASB asked us to explore requiring an entity to disclose, for each material business combination:

   (a) subsequent performance information reviewed by key management personnel (KMP) regardless of whether the information is measured in currency units; and

   (b) specified metrics (specified metrics approach).

Staff analysis

12. Our analysis considers the type of subsequent performance information an entity should be required to disclose. In particular, we have analysed:

   (a) aspects of the management approach the IASB asked us to analyse; and

   (b) the specified metrics approach.

13. Our analysis assumes—consistent with the package discussed by the IASB at its July 2026 meeting—that under both approaches for disclosing subsequent performance information:

    (a) an entity would be required to disclose the strategic rationale, key objectives and subsequent performance information for each material business combination—that is performance information would be required for all material business combinations;

    (b) an entity would not be required to disclose:

        (i) expected synergy information;

        (ii) acquisition-date targets; and

        (iii) the qualitative statement about whether performance is meeting expectations; and

    (c) an entity would not be exempt from disclosing any performance information.

14. Our analysis in this section is structured as follows:

    (a) paragraphs 15–17 summarise the management approach;

    (b) paragraph 18–19 summarise the specified metrics approach;

    (c) paragraphs 20–21 compare the two approaches; and

    (d) paragraphs 22–27 explain our staff view.

Management approach

15. Agenda Paper 18B analyses aspects of the management approach the IASB asked us to reconsider during its July 2026 meeting. Based on our analysis in that agenda paper, if the IASB chooses to pursue the management approach for subsequent performance information, we think it is possible to require an entity:

(a) to disclose subsequent performance information without limiting the scope of that information to information measured in currency units (the currency unit restriction).

(b) to disclose subsequent performance information against key objectives (and thereby remove the reference to 'targets' in determining what subsequent performance information to disclose). If the IASB decides to do so, we think it should require an entity to disclose subsequent performance information until the end of the second annual reporting period after the year of acquisition.

16. As paragraph 27 explains, we think the IASB should consult on aspects of the management approach.

17. For simplicity, we refer to the management approach that includes the changes in paragraph 15(a) and paragraph 15(b) as the 'full management approach' throughout the rest of this paper.

Specified metrics approach

18. Agenda Paper 18C includes our detailed analysis of how the IASB could design a specified metrics approach. Based on our analysis in that paper, if the IASB decides that subsequent performance information should be disclosed using a specified metrics approach, we think an entity should be required to disclose subsequent performance information:

(a) about revenue and operating profit included in the consolidated statement of comprehensive income;

(b) at the lowest practicable level that includes all of the acquiree's business(es)—this means information would be disclosed at the acquiree level unless doing so is impracticable; and

(c) until the end of the second annual reporting period after the year of acquisition.

19. As paragraph 27 explains, we think the IASB should consult on the usefulness of information disclosed and the costs of disclosing that information under this approach.

Comparison of the two approaches

20. Our analysis of both approaches—that is, the full management approach and the specified metrics approach—has tried to ensure users of financial statements (users) will receive as much information about the subsequent performance of business combinations as possible, while being responsive to stakeholders' and IASB members' concerns about the cost of providing that information.

21. The table below compares the two approaches.

Topic	Full management approach	Specified metrics approach
(a) Metrics disclosed.	Subsequent performance information being reviewed by KMP to determine whether key objectives are being met. This could include information measured in currency units or another unit of measurement. Provides users with information about how management manage the business, which could provide users more relevant information for a business combination.	Revenue and operating profit included in the consolidated statement of comprehensive income. The information disclosed would be more comparable across different business combinations and entities. The IASB previously considered but decided not to require an entity to disclose specified metrics for a business combination because of concerns that no single metric could provide users adequate information for evaluating the subsequent performance of all acquisitions. However, if an entity's management thinks revenue or operating profit information would not give a complete picture of the performance of a business combination (because, for example, the information reflects the effects of purchase price allocation adjustments or excludes the effects of intercompany transactions eliminated on consolidation), it could voluntarily disclose additional information such as

Topic	Full management approach	Specified metrics approach
		adjusted revenue or operating profit measures.
(b) Level at which an entity would disclose information.	An entity would disclose information being reviewed by KMP to determine whether key objectives are being met. This information could be at the acquiree level or at another level within the entity into which the acquiree will be / has been integrated. Applying this approach, a user might not receive new information if KMP reviews subsequent performance against key objectives at the reportable segment or reporting entity level.	The lowest practicable level that includes all of the acquiree's business(es). This means information would be disclosed at the acquiree level unless doing so is impracticable. The specified metrics approach could therefore result in information being disclosed at the acquiree level more frequently than the full management approach. Applying this approach, a user might not receive new information if the lowest practicable level is the reportable segment or reporting entity level.
(c) Time period for disclosure.	For a two-year period (until the end of the second annual reporting period after the year of acquisition) if KMP review the information to determine whether key objectives are being met. Disclose if KMP stop reviewing subsequent performance information.	For a two-year period (until the end of the second annual reporting period after the year of acquisition).

Staff view

22. Based on our analysis, we think requiring an entity to disclose subsequent performance information applying either the full management approach or the specified metrics approach has the potential to improve financial reporting—in particular, the benefits of either approach could outweigh the costs of that approach.

However, the table in paragraph 21 notes, and the paragraphs below summarise, how the benefits and costs of each approach differ.

Benefits

23. The full management approach could provide more relevant information to users (a fundamental qualitative characteristic of useful financial information in the *Conceptual Framework for Financial Reporting*) because it provides the same information that management is using to assess the business combination. However, a specified metrics approach might provide more comparable information (an enhancing qualitative characteristic of useful financial information in the Conceptual Framework) because all entities would be required to disclose the same metrics—that is, revenue and operating profit.[3]

24. Compared to the management approach, the specified metrics approach would likely result in entities disclosing subsequent performance information at the same, or a lower, level and for the same, or a longer, period (assuming the IASB agrees with our view to require the management approach for only a two-year period). This is because the specified metrics approach would not depend on whether, or at which level, KMP review subsequent performance information.

25. However, as paragraph 21(b) explains, for both approaches it is possible users will not receive any new information in particular situations.

Costs

26. There are costs to disclosing subsequent performance information applying either of the two approaches. The costs to prepare the information applying the full management approach would be minimal because the information an entity would be

[3] As paragraph A1 explains, applying both approaches the level at which an entity discloses subsequent performance information could change between reporting periods, so a specified metrics approach might not always provide comparable information.

required to disclose would be the same information KMP already review. However, there could be additional costs in disclosing that information—for example, cost of auditing information not measured in currency units. The costs to prepare the information under a specified metric approach might be higher than under the full management approach. The specified metrics approach would require an entity to disclose information at the lowest practicable level, which might involve incurring costs to prepare the information or to assess practicability.

Consultation

27. Before recommending one approach over the other, we think it would be helpful to consult on some aspects. These include:

(a) for the full management approach—specific aspects of the requirement to disclose actual performance information not measured in currency units. Although we have information about this from prior consultations (for example, because the Exposure Draft required an entity to disclose this information), it could be helpful to understand better, for example, how often entities use such information to monitor the achievement of key objectives of a business combination and the auditability of this information.

(b) for the specified metrics approach—for example, the usefulness of the information disclosed and the costs of disclosing that information.

(c) for both approaches—whether to require entities to restate comparative subsequent performance information (see Appendix A).

Next steps and timing

28. Subject to the IASB's discussion and feedback from the IASB, we will consult on the topics in paragraph 27 (expected in the fourth quarter of 2026) and report feedback along with our staff recommendations at future IASB meetings (expected in the first quarter of 2027).

29. The specific requirements for the IASB to make decisions on in relation to the package of performance and expected synergy information include:

    (a) topics we have analysed at previous IASB meetings for which the IASB has not yet made a tentative decision (for example, removing the requirements to disclose targets and expected synergy information); and

    (b) other potential detailed changes to performance information as part of the updated package (discussed in Appendix B to this paper).

30. The IASB has already made tentative decisions on other aspects of the project, for example, on IAS 36 *Impairment of Assets* and other IFRS 3 proposals.

31. At a future IASB meeting we will analyse whether the package of amendments improves financial reporting, considering the likely effects. We will then finalise other aspects of the requirements such as:

    (a) amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*;

    (b) the disclosure of performance information in interim financial reports;

    (c) transition; and

    (d) effective date.

Questions for the IASB

a. Do IASB members have any comments or questions on Agenda Papers 18–18C?

b. Do IASB members have any comments or questions on our suggested next steps in paragraphs 28–31?

Appendix A—Restatement of comparative information and other details

A1. Applying both the updated management approach and the specified metrics approach, the level at which an entity discloses subsequent performance information could change between reporting periods. For example:

(a) the full management approach would require entities to disclose information reviewed by KMP to determine whether key objectives are being met. The level of information could change from one reporting period to the next if, for example, KMP review information at the acquiree level in the year of acquisition but following integration monitor at a divisional level in the following year. Similarly, and as Agenda Paper 18B for this meeting explains, the measure KMP uses to determine whether key objectives are being met could also change.

(b) the specified metrics approach would require entities to disclose information at the at the lowest practicable level that includes all of the acquiree's business(es)—the lowest practicable level could change between reporting periods.

A2. If the level of information, or measure, changes in the reporting periods after the year of acquisition, users would not be able to use that information for trend analysis. We think it would be helpful to consider and specify whether entities should be required to restate comparative information in these situations.

A3. The IASB could require an entity to restate comparative information at the same level and using the same measure as the subsequent performance information disclosed in the current reporting period.

A4. Requiring an entity to do so would improve comparability between reporting periods and could help users better assess the additional contribution from an acquiree even when it has been integrated. However, restated comparative information might not always be readily available—it might lead to additional preparation cost for the entity.

A5. Consistent with the requirements for retrospective application of an accounting policy in IAS 8 *Basis of Preparation of Financial Statements*, we think an entity should restate comparative subsequent performance information except to the extent doing so would be impracticable. We suggest consulting on restating comparative performance information—for example, consulting on the usefulness of this information and the practicability of disclosing it.

Appendix B—Other details

B1. The table below considers other details that would apply to the package of performance and expected synergy information the IASB discussed in its July 2026 meeting, regardless of whether the IASB chooses the full management approach or the specified metrics approach:

Detail	**Analysis**
(a) Clarifying whether information disclosed would be based on management's expectations when agreeing the price to acquire the business or at the acquisition date (explained in paragraph 33 of Agenda Paper 18B of the IASB's May 2026 meeting).	The only information related to the agreement/acquisition date is the strategic rationale and key objectives. We intended this information to be disclosed as at the acquisition-date and not the agreement date.
(b) Clarifying whether key objectives include a timeframe (explained in paragraph A11 of Agenda Paper 18A of the IASB's July 2026 meeting).	We think key objectives should not include the timeframe over which an entity expects to achieve the key objective. When updating the Illustrative Example to remove the targets, we will also remove the timeframe.
(c) Consider whether to require disclosure of performance information for only public interest or listed entities. (see paragraph 47 of Agenda Paper 18B of the IASBs December 2024 meeting).	We see no reason to restrict the requirement to disclose performance information to only public interest or listed entities. We think the costs of disclosing information applying the updated package would be significantly lower than applying the Exposure Draft

	package and the expected benefits would outweigh the costs. As paragraph 31 notes, we will consider the requirements for subsidiaries without public accountability in a future IASB meeting.
(d) Considering whether to allow an entity to apply the exemption to any requirements in the updated package (see paragraph A12 of Agenda Paper 18A of the IASB's May 2026 meeting).	We continue to think the exemption is not required for any requirements in the updated package.