IASB® meeting

Date	**September 2026**
Project	**Business Combinations—Disclosures, Goodwill and Impairment**
Topic	**Designing a specified metrics approach**
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Purpose and structure

1. As Agenda Paper 18 explains, this paper analyses how the International Accounting Standards Board (IASB) could require an entity to disclose subsequent performance information for a material business combination using a specified metrics approach.[1]

2. The paper is structured as follows:

   (a) background (paragraphs 3–11);

   (b) designing a specified metrics approach (paragraphs 12–47);

   (c) summary of main staff views and next steps (paragraphs 48–49);

   (d) Appendix A—Other considerations;

   (e) Appendix B—Excerpts from the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment* (Discussion Paper); and

   (f) Appendix C—Excerpts from Agenda Paper 18A for the IASB's September 2022 meeting.

[1] Agenda Paper 18A explains what subsequent performance information is and why this paper focuses on the requirements for subsequent performance information.

Background

3. The Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* (Exposure Draft) proposed a management approach for disclosing performance information—that is, the information an entity discloses would be information management uses to review the performance of a business combination. In its earlier deliberations on this project, the IASB considered but decided not to require entities to disclose performance information using a specified metrics approach. This section summarises the IASB's prior consideration of a specified metrics approach during:

   (a) development of the Discussion Paper preliminary views (paragraph 4);

   (b) consideration of feedback on the Discussion Paper (paragraphs 5–7); and

   (c) consideration of feedback on the Exposure Draft (paragraphs 8–11).

Discussion Paper preliminary views

4. Agenda Paper 18A for the IASB's June 2019 meeting considered a specified metrics approach when developing the Discussion Paper. The IASB's preliminary view in the Discussion Paper was to choose a management approach and to not pursue a specified metrics approach—paragraphs 2.13–2.16 of the Discussion Paper (reproduced in Appendix B) explain the IASB's rationale.

Discussion Paper feedback

5. Some respondents to the Discussion Paper suggested requiring entities to disclose specified metrics, including:

   (a) a few national standard-setters and accounting bodies said they would prefer a specified metrics approach instead of a management approach (paragraph 83 of Agenda Paper 18C for the IASB's April 2021 meeting);

   (b) some users agreed with the management approach but suggested also specifying a minimum set of metrics to be disclosed even if management does not use those basic metrics, to prevent abuse of the management approach (paragraph 21 of Agenda Paper 18B for the IASB's April 2021 meeting); and

(c) some respondents, including some users, suggested specifying a minimum set of metrics to be disclosed if management do not review the performance of a business combination (paragraph 83 of Agenda Paper 18C for the IASB's April 2021 meeting).

6. As paragraph 84 of Agenda Paper 18C for the IASB's April 2021 meeting notes, respondents that suggested using specified metrics typically mentioned one or more of the following metrics:

(a) revenue growth;

(b) operating margin;

(c) a split between organic revenue and revenue added as a result of the acquisition; and

(d) return on investment or return on capital employed. [2]

7. Paragraphs 29–33 of Agenda Paper 18A for the IASB's September 2022 meeting (reproduced in Appendix C) analysed this feedback and explain why we did not consider a specified metrics approach further at that time.

Exposure Draft feedback

8. The Exposure Draft proposed continuing to use a management approach for disclosure of performance information. As paragraph 7 of Agenda Paper 18D for the IASB's December 2024 meeting notes, most respondents agreed with this proposal.

9. However, as paragraph 8(c) of Agenda Paper 18D for the IASB's December 2024 meeting notes, a few respondents suggested using a specified metrics approach (for

[2] Respondents also suggested other metrics specifically in the context of targets (for example, estimated payback period for the investment), which have not been considered because this paper focuses on subsequent performance information.

example, requiring disclosure of profit or return on investment) instead of a management approach. They said:

(a) a specified metrics approach would be easier to apply and could ensure consistency and comparability across different entities.

(b) information typically reviewed by management is not relevant for users. They said information management review may not be designed to convey the outcomes of business combinations, and therefore, may not be relevant for investment decisions.

(c) a specified metrics approach would minimise the amount of management judgment involved and would help portray an objective picture of the business combination's performance.

10. As paragraphs 8–14 of Agenda Paper 18A of the IASB's October 2025 meeting explain, our initial view was to retain a management approach for performance information. The IASB was not asked to make a decision on this, because of the strong interdependencies with other aspects of the proposals for performance information.[3]

11. At its July 2026 meeting, some IASB members asked us to consider how the IASB could require an entity to disclose subsequent performance information for a material business combination using a specified metrics approach.

Designing a specified metrics approach

12. This section is structured as follows:

(a) which metrics to require an entity to disclose (paragraphs 13–21);

(b) how to measure the amount (paragraphs 22–31);

(c) level at which to disclose the information (paragraphs 32–42);

[3] For more details, see paragraphs 7–14 of Agenda Paper 18G of the IASB's January 2025 meeting.

(d) time period to require the information for (paragraphs 43–46); and

(e) other considerations (paragraph 47).

Which metrics to require an entity to disclose

13. As paragraph 6 notes, stakeholders who suggested a specified metrics approach typically suggested requiring an entity to disclose metrics including revenue and operating profit or loss (operating profit) for a business combination. Our analysis considers whether to require an entity to disclose:

(a) revenue and operating profit (paragraphs 14–18); and

(b) other metrics (paragraphs 19–21).

Revenue and operating profit

14. Paragraph B64(q) of IFRS 3 *Business Combinations* states:

> To meet the objective in paragraph 59, the acquirer shall disclose the following information for each business combination that occurs during the reporting period:
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> (i) the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period; and
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> (ii) the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period.
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> If disclosure of any of the information required by this subparagraph is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable. This IFRS [Accounting Standard] uses the term 'impracticable' with

the same meaning as in IAS 8 *Basis of Preparation of Financial Statements*.

15. The Exposure Draft proposed, amongst other changes to this paragraph, specifying that the amount of profit or loss is the amount of operating profit or loss as defined in IFRS 18 *Presentation and Disclosure in Financial Statements*.

16. As paragraph BC168 of the Basis for Conclusions on the Exposure Draft (Basis for Conclusions) notes, almost all users of financial statements (users) who commented on the IASB's proposals with respect to paragraph B64(q) of IFRS 3 in the Exposure Draft said the information disclosed applying the paragraph is useful because it helps users determine a baseline performance for a business combination against which they can compare future performance.

17. In developing the Discussion Paper and Exposure Draft, the IASB acknowledged revenue and operating profit of the acquiree would not provide all information users need to assess subsequent performance of the acquiree. However, we think requiring an entity to disclose revenue and operating profit from a business combination could often result in entities providing useful information. In particular:

    (a) stakeholders who suggested specified metrics (including a user group) often requested revenue and operating profit metrics;

    (b) paragraph B64(q) of IFRS 3 already requires entities to disclose the amounts of revenue and profit which give a baseline for users to assess future performance; and

    (c) the Exposure Draft proposed to specify that the amount of profit should be operating profit as defined in IFRS 18 and most respondents agreed (see Agenda Paper 18A of the IASB's January 2025 meeting for more detail), suggesting the updated disclosure requirement would result in useful information.

18. We therefore think that if the IASB decides to require entities to disclose subsequent performance information using a specified metrics approach, it should require the

entity to disclose information about revenue and operating profit from a business combination. Appendix A discusses how any requirements the IASB develops applying our views in this paper interact with the existing requirement to disclose information about revenue and operating profit in paragraph B64(q)(i) of IFRS 3.

Other metrics

19. We considered whether to require an entity to disclose other metrics—either in addition to, or as an alternative to, revenue and operating profit. Our consideration included suggestions from respondents noted in paragraph 6.

20. The table below sets out the metrics we considered and why, in our view entities should not be required to disclose these metrics.

Alternative	**Analysis**
(a) a split between organic revenue and revenue added as a result of the business combination	It could be challenging and costly for entities to determine whether revenue generated is organic or results from a business combination, particularly if the acquiree is integrated with existing operations.
(b) return on investment or return on capital employed	The terms ‘return’, ‘investment’ and ‘capital employed’ are not defined in IFRS Accounting Standards. Defining these terms would make the requirements complex, and not defining them would lead to diversity in practice. If entities disclose operating profit, users could perform their own calculation of returns in some cases.

(c) net cash flows	The IASB's preliminary view in paragraph 2.81 of the Discussion Paper was to require entities to disclose the amounts of cash flows from operating activities of the acquiree since the acquisition date in the year of acquisition. As paragraph 84 of Agenda Paper 18D for the IASB's April 2021 meeting notes, many respondents disagreed with that preliminary view, saying the information would be costly, difficult to prepare and audit and may not be relevant for users. In the Exposure Draft, the IASB did not propose requiring entities to disclose such cash flow information. We continue to agree with feedback that cash flow information would be costly and difficult to prepare—particularly when operations are integrated.

Staff view

21. Based on our analysis, we think an entity should be required to disclose information about revenue and operating profit from a business combination.

How to measure the amount

22. As paragraph 14 notes, paragraph B64(q)(i) of IFRS 3 requires the acquirer to disclose 'the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting

period'. The Exposure Draft proposed, amongst other changes to this paragraph, specifying that the amount of profit or loss is the amount of operating profit or loss as defined in IFRS 18.

23. If the IASB decides to require an entity to disclose revenue and operating profit (as we suggest in paragraph 21), the IASB could—consistent with the requirement in paragraph B64(q)(i)—require the entity to disclose the amounts included in the consolidated statement of comprehensive income.

24. We consider below whether to:

(a) provide additional requirements or application guidance on how to measure revenue and operating profit (paragraph 25);

(b) require entities to exclude purchase price allocation adjustments (paragraphs 26–27); and

(c) allow entities to disclose alternate metrics that exclude the effects of some or all PPA adjustments instead of the specified metrics (paragraphs 28–29).

Additional requirements or application guidance

25. We considered whether to provide any additional requirements or application guidance on how to measure revenue and operating profit. As paragraphs BC175–BC177 of the Basis for Conclusions on the Exposure Draft explain, many respondents to the Discussion Paper suggested providing additional requirements or application guidance on how to prepare combined entity information applying paragraph B64(q)(ii) of IFRS 3 (see paragraph 14). Although those requests focused on combined entity information, similar questions could arise when measuring revenue and operating profit—for example, whether and how to allocate central overhead costs. Specifying how to prepare the information could be complex and result in the requirements being costly and difficult to apply. Instead—and consistent with the IASB's tentative decision for combined entity information—we think an entity should be required to disclose the basis on which it measures revenue and operating profit.

Requiring entities to exclude PPA adjustments

26. A few respondents to the Exposure Draft (particularly users) expressed concerns that the operating profit that would be disclosed applying paragraph B64(q)(i) of IFRS 3 would include the effect of purchase price allocation (PPA) adjustments (for example, amortisation of acquired intangible assets). They said such adjustments are often notional and subjective and the operating profit disclosed is, in their view, often not representative of the acquiree's financial performance.

27. We considered whether the measurement of revenue and operating profit should therefore exclude PPA adjustments. However, we think the costs of requiring entities to exclude the effect of PPA adjustments would outweigh the benefits and it could be challenging to develop requirements for specified metrics which exclude PPA adjustments. For example:

    (a) if the acquiree did not previously apply IFRS Accounting Standards, it may be challenging to determine what amounts would have been recognised without the PPA and consequently what the PPA adjustments amounts are.

    (b) some IFRS Accounting Standards allow choices (for example, the cost model or revaluation model in IAS 16 *Property, Plant and Equipment*) so it is unclear which amount entities should be required to 'adjust' back to.

    (c) if we develop requirements which are not prescriptive (allowing entities to adjust operating profit by excluding the effect of PPA adjustments in different ways), there could be diversity in practice and consequently, a lack of comparability.

    (d) the IASB's preliminary view in the Discussion Paper was to update paragraph B64(q) to require an entity to disclose 'operating profit before acquisition-related costs and integration costs'. Paragraphs 47–52 of Agenda Paper 18B of the IASB's November 2021 meeting explain why that might not provide the most useful information. The Exposure Draft proposed instead to require an entity to disclose 'operating profit' without any adjustments.

Allowing entities to disclose alternate metrics

28. We considered whether to allow entities to disclose an alternate metric that excludes the effect of some or all PPA adjustments instead of disclosing revenue or operating profit. For example, an entity could—instead of disclosing operating profit—disclose subsequent performance information using a management-defined performance measure (MPM) that it reconciles to operating profit applying the requirements in IFRS 18. Doing so would mean the nature of adjustments in the metric—which might include the effect of PPA adjustments—would be consistent with those the entity already uses in public communications. However, we think the IASB should not allow entities to disclose subsequent performance information using an alternate metric instead of revenue / operating profit because:

    (a) the resulting information would not be comparable, which is a key advantage of the specified metrics approach; and

    (b) it might not address user concerns in all cases—for example, is unlikely that an entity will have an MPM for adjusted revenue excluding the effect of acquired contract assets.

29. Nonetheless, if an entity's management thinks revenue or operating profit information would not give a complete picture of the performance of a business combination, it could voluntarily—in addition to disclosing revenue and operating profit—disclose additional information such as adjusted revenue or operating profit measures.

Staff view

30. Based on our analysis, we think the IASB should—consistent with the existing requirement in paragraph B64(q)—require an entity to disclose revenue and operating profit included in the consolidated statement of comprehensive income for the reporting period.

31. We also think the IASB should not:

(a) provide additional requirements or application guidance on how to measure the amount of revenue and operating profit;

(b) require entities to exclude the effect of PPA adjustments; or

(c) allow entities to disclose alternate metrics instead of revenue and operating profit.

Level at which to disclose the information

32. As paragraph 14 notes, paragraph B64(q)(i) of IFRS 3 requires an entity to disclose information at the level of the acquiree unless doing so would be impracticable. Paragraph BC425 of the Basis for Conclusions on IFRS 3 notes the IASB included this impracticability exception for situations in which 'distinguishing the post-combination earnings of the acquiree from earnings of the combined entity is impracticable'.

33. Consistent with the requirements in paragraph B64(q)(i), we think an entity disclosing subsequent performance information applying the specified metrics approach discussed in this paper should be required to disclose the information at the level of the acquiree. However—as paragraph BC22(e) of the Basis for Conclusions on the Exposure Draft explains, we acknowledge it could be difficult to disclose subsequent performance information if an acquiree is integrated with an existing business of the entity soon after a business combination is completed. We considered below what to require an entity to disclose if it is impracticable to disclose subsequent performance information at the acquiree level. In particular, we considered:

(a) continuing to require information at the acquiree level (paragraph 34);

(b) not requiring information (paragraphs 35–36); or

(c) requiring information at a higher level (paragraphs 37–41).

Continuing to require information at the acquiree level

34. We considered continuing to require an entity to disclose subsequent performance information at the acquiree level in all cases—that is, not including an exception similar to the exception in paragraph B64(q) which allows an entity to stop disclosing information if disclosure is impracticable. However, we did not consider this further—it would require the entity to separately track the performance of the acquired entity, which might be impracticable, excessively costly and inconsistent with how the acquiree might have been integrated into the entity.

Not requiring information

35. If it is impracticable to disclose subsequent performance information at the acquiree level, similar to paragraph B64(q) of IFRS 3, the IASB could allow an entity to not disclose the required information and instead disclose the fact that disclosing the information at the level of the acquiree is impracticable and the reason.

36. Applying our views in this paper, subsequent performance information will be required for a longer time period than is required applying paragraph B64(q) of IFRS 3 (see paragraphs 43–45). Given that acquirees are often integrated into existing operations over a period of time, it is more likely to become impracticable to disclose information at the acquiree level and therefore users might not receive subsequent performance information often enough applying this approach.

Requiring information at a higher level

37. If it is impracticable to disclose subsequent performance information at the acquiree level, the IASB could require disclosure of subsequent performance information at a higher level. It could require an entity to disclose subsequent performance information at the lowest practicable level that includes all of the acquiree's business(es). For example:

(a) if it is practicable to disclose subsequent performance information at the acquiree level then an entity would be required to disclose the information at this level.

(b) if it is impracticable to disclose subsequent performance information at the acquiree level because the acquiree is integrated into a pre-existing business, it might be practicable to disclose information about the combined acquiree and the pre-existing business.

(c) if it is impracticable to disclose subsequent performance information at the acquiree level because the acquiree's business(es) are divided and parts of the acquiree's business(es) are combined into multiple separate pre-existing businesses, the lowest practicable level that includes all of the acquiree's business(es) might be at a reportable segment level or in some cases the entity level.[4] In this scenario, users might not receive additional information because the information might already be disclosed applying other requirements in IFRS Accounting Standards.

38. Requiring an entity to disclose subsequent performance information at the lowest practicable level would, in our view, provide useful information about the acquiree, even if that information is integrated with the acquirer's existing business(es). Feedback on the management approach in the project shows integrated information can be useful in situations in which an acquiree is quickly integrated into the acquirer's existing business(es).

39. We acknowledge there will be some cost to disclosing information at the lowest practicable level (for example, the IAS 8 *Basis of Preparation of Financial Statements* definition of impracticable requires an entity to make 'every reasonable effort'). However, entities are able to apply the impracticability exception in paragraph B64(q)(i) which was put in place for a similar reason (see paragraph 32). We think

[4] We considered whether to require an entity to separately disclose subsequent performance information at the lowest practicable level for each part of the acquiree's business(es), but such an approach could become complex and result in overwhelming volume of information being disclosed.

that often information at a particular level will either be readily available (so an entity would incur minimal cost) or clearly impracticable (so the entity would assess whether it is practicable to disclose the information at the next level).

40. In our view, requiring entities to disclose subsequent performance information at the lowest practicable level would be a cost-effective way to ensure users continue to receive subsequent performance information if it becomes impracticable to disclose that information at the acquiree level.

41. We also think the entity should be required to disclose the fact and reason when it changes the level at which it discloses subsequent performance information. Appendix A to Agenda Paper 18A considers whether an entity should also be required to restate comparative information when it changes the level at which it discloses subsequent performance information.

Staff view

42. We think an entity should be required to disclose revenue and operating profit 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. We also think the entity should be required to disclose the fact and reason when it changes the level at which it discloses subsequent performance information.

Time period to require the information for

43. As paragraph 29 of Agenda Paper 18B explains, the Exposure Draft proposed requiring subsequent performance information for as long as key management personnel (KMP) review it, with additional requirements if KMP stop reviewing before the end of the second annual reporting period after the year of acquisition (two-year period). As paragraph BC121 of the Basis for Conclusions on the Exposure Draft notes, the two-year period is arbitrary and aimed to set an appropriate balance between requiring an entity to disclose relevant information and the risk of imposing a time frame that is too long and onerous for preparers.

44. Agenda Paper 18B of the IASB's October 2025 meeting explains feedback on the two-year period and our initial view to retain it. Although the two-year period was used for a different purpose in the Exposure Draft, we think the same period should be used in a specified metrics approach because:

    (a) during the two-year period, information about the acquiree's performance would often be useful to users in assessing the benefits achieved from a business combination; and

    (b) after the two-year period, information about the acquiree's performance would often reflect ongoing operations rather than the benefits of the business combination.

45. Consequently, we think requiring an entity to disclose information about the revenue and operating profit in the year of acquisition and two subsequent reporting periods—that is, until the end of the second annual reporting period after the year of acquisition—would balance the benefits to users of information and the costs to prepare that information.

Staff view

46. We think an entity should be required to disclose revenue and operating profit until the end of the second annual reporting period after the year of acquisition.

Other considerations

47. Appendix A considers how any requirements developed applying our views in this paper interact with the requirements in paragraphs B64(q)(i) and B65 of IFRS 3.

Summary of main staff views and next steps

48. 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.

49. Although our views on how to design a specified metrics approach incorporate feedback from earlier in the project where possible, we plan to consult to obtain further feedback—for example, on the cost of disclosing information and how useful the resulting information would be.

Appendix A—Other considerations

A1. This appendix considers how any requirements developed applying our views in this paper interact with the requirements in:

(a) paragraph B64(q)(i) of IFRS 3—to disclose information about revenue and profit or loss of the acquiree in the year of acquisition (paragraph A2); and

(b) paragraph B65 of IFRS 3—to disclose the information required by paragraph B64(q)(i), amongst other things, in aggregate for individually immaterial business combinations (paragraphs A3–A5).

Interaction with paragraph B64(q) of IFRS 3

A2. Paragraph B64(q) of IFRS 3 (see paragraph 14) requires an entity to disclose—in the year of acquisition—information about revenue and profit or loss of the acquiree, and at its May 2025 meeting the IASB tentatively decided to retain the Exposure Draft's proposal to specify that the amount of profit or loss is the amount of operating profit or loss as defined in IFRS 18. Paragraph B64(q) of IFRS 3 includes two requirements:

(a) B64(q)(i)—the amounts of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period—our suggested requirements for subsequent performance information analysed in this paper would include the information required by this paragraph, so we will consider replacing paragraph B64(q)(i) to avoid duplication and confusion; and

(b) B64(q)(ii)—combined entity information as though all acquisitions occurred at the beginning of the annual reporting period—we think the existing requirement should be retained in line with the IASB's May 2025 tentative decision.

Individually immaterial business combinations

A3. As Agenda Paper 18A for the IASB's July 2026 meeting notes, subsequent performance information would be required for all material business combinations.

A4. As paragraph A2 explains, we think our suggested requirements for subsequent performance information could replace the existing requirement in paragraph B64(q)(i) of IFRS 3. Paragraph B65 of IFRS 3 requires an entity to disclose, amongst other things, the information required by paragraph B64(q)(i) of IFRS 3 in aggregate for 'individually immaterial business combinations occurring during the reporting period that are material collectively'.

A5. We think an entity should continue to be required to disclose the information required by paragraph B64(q)(i) of IFRS 3 in aggregate for 'individually immaterial business combinations occurring during the reporting period that are material collectively'. If we replace paragraph B64(q)(i) of IFRS 3 (see paragraph A2), we will consider in drafting how to retain this requirement.

Appendix B—Excerpts from the Discussion Paper

B1. This appendix reproduces excerpts from the Discussion Paper explaining the IASB's preliminary view to require entities to disclose performance information following a management approach rather than a specified metrics approach.

> 2.13 In the [IASB's] view no single metric could provide investors with adequate information for evaluating the subsequent performance of all acquisitions. Companies acquire businesses to meet various objectives and companies may incorporate acquired businesses into their business in various ways. Feedback from investors and preparers supports the [IASB's] view.
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> 2.14 Because the cost of an acquisition is often large relative to the value of the acquiring company, and the implications of failure are therefore often significant, the [IASB] presumes that the management of an acquiring company monitors acquisitions internally and is aware of how well an acquisition is performing against management's expectations for it.
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> 2.15 Thus, the [IASB's] preliminary view is that the information a company discloses about an acquisition's subsequent performance should reflect the information and metrics the company's management uses to monitor and measure the acquisition's progress against the objectives of the acquisition. This approach is analogous to the management approach used for segment reporting in IFRS 8 *Operating Segments*. A company would be required to disclose the information management is using to monitor whether an acquisition is meeting its objectives.
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> 2.16 In reaching this preliminary view, the [IASB] concluded that:
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> (a) disclosing the information about an acquisition that a company's management uses may have the following advantages:

(i) information that is used for decision-making and that is prepared and monitored regularly for management's use may be scrutinised more closely than information generated solely for external reporting once or twice a year; and

(ii) this approach may minimise the cost of providing this information.

(b) this approach would not give companies a free choice about the type of information they disclose—they would be required to disclose the information their management uses to monitor progress in meeting the objectives of an acquisition (the metrics that management uses to monitor an acquisition's performance and subsequent progress measured using those metrics).

(c) the information disclosed could differ from information disclosed by other companies. However, the primary reason for disclosing this information is not to provide comparability with other companies' acquisitions, but to help investors understand how an acquisition is progressing against the objectives a company's management set for it and understand how management monitors and manages the performance of the acquisition.

(d) a company's management is likely to pursue several objectives when acquiring a business and use several metrics for measuring progress towards those objectives. These metrics could be financial—for example, amounts of synergies, profit measures, returns on capital—or non-financial—for example, market share, retention of staff, product launches—or both.

(e) if management does not monitor an acquisition, disclosing that fact could be useful for investors.

Appendix C—Excerpts from Agenda Paper 18A for the IASB's September 2022 meeting

C1. This appendix reproduces excerpts from Agenda Paper 18A for the IASB's September 2022 meeting analysing the Discussion Paper feedback and explaining why we did not consider a specified metrics approach further at that time.

> Specifying metrics
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> 29. Applying this alternative, the IASB would replace its preliminary view of requiring entities to disclose information about business combinations reviewed by management (a management approach) with a requirement for entities to disclose specific metrics for all business combinations. For example, paragraph B64(q) of IFRS 3 requires an entity to disclose information about the revenue and profit of an acquired business in the year of acquisition—the IASB could require an entity to continue to provide this information for a specified period of time after the acquisition.
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> 30. As noted in paragraph 62 of Agenda Paper 18B to the IASB's April 2022 meeting, we think this alternative can respond to practical concerns about commercial sensitivity and forward-looking information because (a) information about specified metrics might not be linked to management's strategy; and (b) no information about management's targets would be provided. However, applying this alternative could exacerbate the practical concern about the integration of businesses because management might not be able to isolate the performance of the acquired business from that of its existing business once the acquired business is integrated.
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> 31. As noted in paragraphs 81–82 of Agenda Paper 18C to the IASB's April 2021 meeting, most respondents to the Discussion Paper agreed with using a management approach. Only a few

respondents said the IASB should specify metrics all entities would be required to disclose.

32. In addition, at their joint meeting in June 2022 CMAC and GPF members generally disagreed with this alternative. Those members said management should determine the metrics that best reflect the objective of the business combination rather than the IASB specifying metrics all entities would be required to disclose.

33. As a result of this feedback, we think the IASB should not consider this alternative further. We think it is questionable whether this alternative would provide useful information and requiring entities to track specific metrics for every business combination could be more costly than a management approach.