IFRS Accounting

Staff paper

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IASB® Meeting

Date	**March 2023**
Project	**Business Combinations—Disclosures, Goodwill and Impairment**
Topic	**Deleting disclosure requirements**
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Purpose and structure

1. The purpose of this paper is to provide the International Accounting Standards Board (IASB) with our analysis and recommendation on whether the IASB should remove any of the disclosure requirements in IFRS 3 *Business Combinations*.

2. The paper is structured as follows:
   (a) summary of staff recommendations (paragraph 4);
   (b) background (paragraphs 5–9);
   (c) staff analysis (paragraphs 10–69); and
   (d) staff recommendation (paragraph 70).

3. Appendix A lists requirements in US Generally Accepted Accounting Principles (US GAAP) that correspond with the disclosure requirements considered in this paper.

Summary of staff recommendations

4. We recommend the IASB propose deleting the following IFRS 3 requirements:
   (a) Paragraph B64(h)—information about acquired receivables;

(b) Paragraph B67(d)(iii)—a line item in the reconciliation between opening and closing goodwill balances that relates to changes resulting from the subsequent recognition of deferred tax assets; and

(c) Paragraph B67(e)—the amount and an explanation of any material gain or loss recognised in the current reporting period that relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous reporting period.

Background

5. The IASB published its preliminary views in the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*. The preliminary views included adding additional disclosure requirements to IFRS 3 and amending some of the existing disclosure requirements in IFRS 3.

6. Paragraph 2.88 of the Discussion Paper states:

> In considering how to improve the disclosure requirements of IFRS 3, the Board has not reviewed all of the requirements. Preparers have told the Board that those requirements are excessive. As a next step in this project, the Board intends to investigate whether it could remove any of the disclosure requirements from IFRS 3 without depriving investors of material information.

7. A few respondents to the Discussion Paper, mainly preparers, commented on the overall balance of disclosure requirements in IFRS 3. Those respondents repeated feedback from the Post-implementation Review (PIR) of IFRS 3 about the disclosure requirements in IFRS 3 being voluminous and costly to comply with.

8. Respondents said the cost of complying with each of the proposed new disclosure requirements may be small in isolation but, when considered together with the cost of

complying with the existing disclosure requirements, the aggregate cost would be high.

9. Those respondents suggested performing a comprehensive review of the existing disclosure requirements to identify any that do not provide useful information to users of financial statements (users). A few respondents suggested adding new disclosure requirements to IFRS 3 only if some existing disclosure requirements are removed.

Staff analysis

10. To identify requirements the IASB could consider removing we reviewed suggestions by stakeholders (including comment letter respondents) and suggestions from a joint meeting of the Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) in June 2019[1].

11. From these sources we identified and considered the following IFRS 3 disclosure requirements:

    (a) Paragraph B64(h)—information about acquired receivables (paragraphs 14–20);

    (b) Paragraph B64(k)—the amount of goodwill expected to be deductible for tax purposes (paragraphs 21–29);

    (c) Paragraph B64(m)—acquisition-related costs (paragraphs 30–35);

    (d) Paragraph B66—business combinations completed after the end of the reporting period (paragraphs 36–42);

    (e) Paragraph B67(d)(iii)—a line item in the required reconciliation between opening and closing goodwill balances that relates to changes resulting from the subsequent recognition of deferred tax assets (paragraphs 43–51); and

[1] Although this meeting was held before the IASB published its Discussion Paper in March 2020, slide 37 of Agenda Paper 3 to the June 2019 CMAC and GPF meeting notes that suggestions from that meeting would be considered in the next phase of the project, after considering feedback on the Discussion Paper.

(f) Paragraph B67(e)—the amount and an explanation of any material gain or loss recognised in the current reporting period that relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous reporting period (paragraphs 52–56).

12. We also identified and considered whether to exempt entities from complying with some disclosure requirements in IFRS 3 (including the IASB's proposed new disclosure requirement about the subsequent performance of business combinations) when preparing interim financial statements (paragraphs 57–69).

13. Some respondents to the PIR of IFRS 3 and the Discussion Paper suggested removing the requirement in paragraph B64(q)(ii) of IFRS 3 to provide information about the contribution of the acquired business. The IASB discussed this requirement at its meeting in November 2021 and tentatively decided to retain the requirement. Accordingly, we have not analysed this requirement in this paper.

Paragraph B64(h)—information about acquired receivables

14. Paragraph B64(h) of IFRS 3 states:

> B64 To meet the objective in paragraph 59[2], the acquirer shall disclose the following information for each business combination that occurs during the reporting period:
>
> …
>
> (h) for acquired receivables:
>
> (i) the fair value of the receivables;
>
> (ii) the gross contractual amounts receivable; and

[2] Paragraph 59 of IFRS 3 includes one of the disclosure objectives of IFRS 3: '59 The acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurs either:

(a) during the current reporting period; or

(b) after the end of the reporting period but before the financial statements are authorised for issue.'

(iii) the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

The disclosures shall be provided by major class of receivable, such as loans, direct finance leases and any other class of receivables.

15. Paragraph BC258 of IFRS 3 explains that the purpose of this requirement is to provide information to help users assess the credit quality of acquired receivables, including expectations about receivables that will be uncollectable.

16. Paragraphs BC259–BC260 of IFRS 3 state:

> BC259 In January 2007 the FASB added a project to its technical agenda to improve disclosures relating to the allowance for credit losses associated with financing receivables. As part of that project, the FASB is considering potential new disclosures and enhanced current disclosures about the credit quality of an entity's portfolio, the entity's credit risk exposures, its accounting policies on valuation allowances and possibly other areas.
>
> BC260 The boards observed that the work involved in developing a complete set of credit quality disclosures to be made for receivables acquired in a business combination would be similar to that required in the FASB's disclosure project related to valuation allowances. Combining those efforts would be a more efficient use of resources. Accordingly, the FASB decided to include disclosures that should be made in a business combination in the scope of its project on disclosures related to valuation allowances and credit quality, and the IASB will monitor that project. In the interim, the disclosures required by the revised standards (paragraph B64(h) of the revised IFRS 3) will provide at least some, although perhaps not all, of the information users need to evaluate the credit quality of receivables acquired.

17. The project referred to in those paragraphs is the project that led the IASB to issue IFRS 7 *Financial Instruments: Disclosures*. Paragraphs 35A–35M of IFRS 7 contain requirements for an entity to disclose information about its credit risk exposure. Those paragraphs do not specifically mention trade receivables acquired in a business combination, however those requirements would apply to such trade receivables to the extent the information related to those receivables is material.

18. There might be differences between the information an entity would disclose applying the requirement in paragraph B64(h) of IFRS 3 and the information it would disclose applying paragraphs 35A–35M of IFRS 7. For example, information disclosed applying IFRS 3 would be about individual business combinations but information disclosed applying IFRS 7 would be about an entity's trade receivables more widely.

19. We asked CMAC and GPF members about the requirement in paragraph B64(h) of IFRS 3 at the joint meeting in June 2019. None of the participants in that meeting objected to deleting that paragraph.

20. Accordingly, in our view, the requirement to disclose information in paragraph B64(h) of IFRS 3 could be deleted. This could help reduce costs without depriving users of useful information.

Paragraph B64(k)—the amount of goodwill expected to be deductible for tax purposes

21. Paragraph B64(k) of IFRS states:

> B64 To meet the objective in paragraph 59, the acquirer shall disclose the following information for each business combination that occurs during the reporting period:
>
> …
>
> (k) the total amount of goodwill that is expected to be deductible for tax purposes.

22. Paragraph BC406 of IFRS 3 highlights that this requirement was first proposed by the US Financial Accounting Standards Board (FASB) in its 2001 Exposure Draft *Business Combinations and Intangible Assets—Accounting for Goodwill*. Neither IFRS 3 nor the FASB 2001 Exposure Draft explain why this information is expected to be useful.

23. Feedback from preparers when developing the Discussion Paper suggested the information required by this disclosure requirement might be difficult to determine. Preparers also asked why this information is required only for goodwill.

24. We think that if an entity is entitled to a tax deduction in respect of goodwill that is different to the carrying amount of goodwill an entity would have a temporary difference as defined in IAS 12 *Income Taxes*. However, applying paragraph 15 of IAS 12 an entity would not recognise a deferred tax liability for that taxable temporary difference.

25. Paragraph 81(g) of IAS 12 states:

> 81 The following shall also be disclosed separately:
>
> …
>
> (g) in respect of each type of temporary difference, and in respect of each type of unused tax losses and unused tax credits:
>
> (i) the amount of the deferred tax assets and liabilities recognised in the statement of financial position for each period presented;
>
> (ii) the amount of the deferred tax income or expense recognised in profit or loss, if this is not apparent from the changes in the amounts recognised in the statement of financial position;

26. If the information is material, we think that applying paragraph 81(g) of IAS 12, an entity would be required to disclose that no deferred tax asset or liability was recognised in respect of the temporary difference arising from goodwill.

27. Therefore, in some circumstances, users would receive some information about the tax effect of goodwill, even if the IASB removed the specific requirement in paragraph B64(k) of IFRS 3. However, this information would not be available for all business combinations.

28. We discussed the disclosure requirement in paragraph B64(k) of IFRS 3 with CMAC and GPF members at the joint meeting in June 2019. In that meeting some CMAC members said the information provided by this requirement is useful because it helps users estimate the post-tax effect of a business combination on the reporting entity's profit or loss. GPF members at that meeting did not comment on the cost of providing this information.

29. In our view, the IASB should not remove the requirement because users said the information is useful and similar information would not always be disclosed applying other requirements in IFRS Accounting Standards.

Paragraph B64(m) of IFRS 3—acquisition-related costs

30. Paragraph B64(m) of IFRS 3 states:

> B64 To meet the objective in paragraph 59, the acquirer shall disclose the following information for each business combination that occurs during the reporting period:
>
> …
>
> (l) for transactions that are recognised separately from the acquisition of assets and assumption of liabilities in the business combination in accordance with paragraph 51:
>
> (i) a description of each transaction;
>
> (ii) how the acquirer accounted for each transaction;

(iii) the amounts recognised for each transaction and the line item in the financial statements in which each amount is recognised; and

(iv) if the transaction is the effective settlement of a pre-existing relationship, the method used to determine the settlement amount.

(m) the disclosure of separately recognised transactions required by (l) shall include the amount of acquisition-related costs and, separately, the amount of those costs recognised as an expense and the line item or items in the statement of comprehensive income in which those expenses are recognised. The amount of any issue costs not recognised as an expense and how they were recognised shall also be disclosed.

31. The IASB explains the reason for this requirement in paragraph BC422(g) of IFRS 3:

The boards added some disclosure requirements to those in IFRS 3, SFAS 141 or both and modified or eliminated others. Those changes are described below, together with an indication of how the changes relate to each board's previous requirements and references to related discussions in other parts of this Basis for Conclusions where pertinent.

…

(g) The FASB added to SFAS 141 disclosure of the amount of acquisition-related costs, which IFRS 3 already required, and the boards added to both IFRS 3 and SFAS 141 disclosure of the amount of acquisition-related costs recognised as expense and the statement of comprehensive income line item in which that expense is reported.

32. A few preparer respondents to the Discussion Paper suggested removing this requirement because in their view:

    (a) tracking specific costs and the line item in the financial statement those costs are presented in is onerous and costly; and

    (b) the information is not useful because:

        (i) acquisition-related costs are 'sunk costs' that provide no information about future costs; and

        (ii) in the experience of those preparers, users are interested in analysing cash flows rather than specific expense line items.

33. IFRS 3 does not explain why the IASB considered information about acquisition-related costs and the line item in which those costs are recognised to be useful. We think this information could be useful because:

    (a) acquisition-related costs are part of the total cost of the business combination and therefore some users consider those costs to be part of the capital employed by the entity to complete the business combination.

    (b) information about the line item in which the expense is recognised assists users in identifying possible 'one-off' costs that might need to be adjusted for when projecting future profit.

34. In the Discussion Paper the IASB considered proposing to amend paragraph B64(q) of IFRS 3 to require an entity to disclose 'operating profit before deducting acquisition-related costs and integration costs'. In November 2021 the IASB tentatively decided to replace the term 'profit or loss' in paragraph B64(q) of IFRS 3 with 'operating profit or loss' (that is the IASB did not carry forward its preliminary view to require entities to deduct acquisition-related and integration costs). In paragraph 51 of Agenda Paper 18B to the November 2021 meeting we highlighted that, although deducting acquisition-related costs could be useful, requiring an entity to adjust operating profit when providing information about the contribution of an

acquired business would be unnecessary because an entity is already required to disclose acquisition-related costs applying paragraph B64(m) of IFRS 3.

35. We think the IASB should retain the requirement in paragraph B64(m) of IFRS 3 because it could provide useful information as outlined in paragraph 33.

Paragraph B66—business combinations completed after the end of the reporting period

36. Paragraph B66 of IFRS 3 states:

> B66 If the acquisition date of a business combination is after the end of the reporting period but before the financial statements are authorised for issue, the acquirer shall disclose the information required by paragraph B64 unless the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. In that situation, the acquirer shall describe which disclosures could not be made and the reasons why they cannot be made.

37. The Basis for Conclusion does not explain the reason for this requirement. A similar requirement existed in IAS 22 *Business Combinations* and the 2004 version of IFRS 3.

38. One preparer responding to the Discussion Paper suggested removing this requirement because it duplicates requirements in IAS 10 *Events After the Reporting Period*.

39. Paragraph 21 of IAS 10 contains a general requirement for an entity to disclose information about non-adjusting events after the reporting period:

> 21 If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which

provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:

(a) the nature of the event; and

(b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

40. In addition, paragraph 22 of IAS 10 includes examples of non-adjusting events. That paragraph cross refers to 'specific disclosures' in IFRS 3 about major business combinations after the reporting period (that is the requirement in B66 of IFRS 3).

41. In our view, the requirement in IFRS 3 does not directly duplicate requirements in IAS 10. However, the IASB could consider whether the general disclosure requirements in paragraph 21 of IAS 10 are sufficient to meet information needs to users and whether this would reduce costs for preparers.

42. The general requirements in paragraph 21 of IAS 10 would cover a number of specific disclosure requirements in IFRS 3. However, we think there are some disclosures that would be provided applying IFRS 3 that an entity would not necessarily provide if it applied only paragraph 21 of IAS 10. For example, the requirement in paragraph B64(d) of IFRS 3 to disclose the primary reason for a business combination and how an entity obtained control might not be captured because these arguably do not directly relate to the nature of the transaction or an explanation of the transaction's financial effect. In our view, removing paragraph B66 of IFRS could result in users not receiving some information. Accordingly, we think the IASB should not remove this requirement.

Paragraph B67(d)(iii)—a line item in the required reconciliation between opening and closing goodwill balances

43. Paragraph B67(d) of IFRS 3 requires an entity to disclose 'a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period' and

then specifies particular line items to be included in that reconciliation. Paragraph B67(d)(iii) of IFRS 3 specifies that one of those line items is:

> adjustments resulting from the subsequent recognition of deferred tax assets during the reporting period in accordance with paragraph 67.

44. Paragraph 67 of IFRS 3 relates to transition by entities to IFRS 3 and states:

> For business combinations in which the acquisition date was before this IFRS is applied, the acquirer shall apply the requirements of paragraph 68 of IAS 12, as amended by this IFRS, prospectively. That is to say, the acquirer shall not adjust the accounting for prior business combinations for previously recognised changes in recognised deferred tax assets. However, from the date when this IFRS is applied, the acquirer shall recognise, as an adjustment to profit or loss (or, if IAS 12 requires, outside profit or loss), changes in recognised deferred tax assets.

45. Paragraph 68 of IAS 12 states:

> The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realised subsequently. An entity shall recognise acquired deferred tax benefits that it realises after the business combination as follows:
>
> (a) Acquired deferred tax benefits recognised within the measurement period that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognised in profit or loss.

(b) All other acquired deferred tax benefits realised shall be recognised in profit or loss (or, if this Standard so requires, outside profit or loss).

46. We think B67(d)(iii) of IFRS 3 is intended to refer to paragraph 68(b) of IAS 12 because paragraph B67(d)(iii) refers to the subsequent recognition of deferred tax assets rather than amendments to the initial recognition of deferred tax during the measurement period for a business combination.

47. In addition, any reduction to goodwill balances resulting from the application of paragraph 68(a) of IAS 12 arise from changes to the accounting for business combinations during the initial measurement period. Paragraph 49 of IFRS 3 requires an entity to reflect those changes by revising comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting. Paragraph B67(d)(iii) requires an entity to disclose the 'nature and amount of any measurement period adjustments recognised during the reporting period in accordance with paragraph 49'.

48. The application of paragraph 67 of IFRS 3 results in no changes to the accounting for business combinations completed prior to the application of IFRS 3 (which became effective for periods beginning on or after 1 July 2009). For any business combinations completed after the application of IFRS 3, acquired deferred tax benefits that an entity realises after the business combination are required to be recognised in profit or loss rather than as an adjustment to goodwill. Accordingly, the application of paragraph 67 of IFRS 3 would never result in changes to the carrying value of goodwill during the reporting period.

49. We reviewed the history of why the IASB included paragraph B67(d)(iii) in IFRS 3. This requirement was included in the first version of IFRS 3, which the IASB issued in 2004. Paragraph 65 of IFRS 3 (2004) required entities to recognise acquired deferred tax benefits that an entity realises after the business combination against the carrying value of goodwill rather than profit or loss.

50. We think that paragraph B67(d)(iii) of IFRS 3 became redundant when the IASB amended IFRS 3 in 2008.

51. Although removing this requirement will not save entities any costs, we recommend removing this requirement at this time because the IASB is already proposing amendments to the disclosure requirements in IFRS 3 and removing the requirement could avoid questions about why this requirement exists.

Paragraph B67(e)— the amount and an explanation of any material gain or loss recognised in the current reporting period

52. Paragraph B67(e) of IFRS 3 states:

> To meet the objective in paragraph 61[3], the acquirer shall disclose the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:
>
> …
>
> (e) the amount and an explanation of any gain or loss recognised in the current reporting period that both:
>
> (i) relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous reporting period; and
>
> (ii) is of such a size, nature or incidence that disclosure is relevant to understanding the combined entity's financial statements.

53. We think paragraph B67(e) of IFRS 3 is a backstop that effectively requires an entity to disclose any information about gains and losses relevant to the disclosure objective in paragraph 61 of IFRS 3. However, in our view paragraph B67(e) of IFRS 3 is

[3] Paragraph 61 of IFRS 3 includes one of the disclosure objectives of IFRS 3: ' The acquirer shall disclose information that enables users of its financial statements to evaluate the financial effects of adjustments recognised in the current reporting period that relate to business combinations that occurred in the period or previous reporting periods.'

unnecessary because other requirements in IFRS Accounting Standards already require an entity to disclose this information. In particular, paragraph 97 of IAS 1 *Presentation of Financial Statements* states:

> When items of income or expense are material, an entity shall disclose their nature and amount separately.

54. In addition, paragraph 63 of IFRS 3 states:

> If the specific disclosures required by this and other IFRSs do not meet the objectives set out in paragraphs 59 and 61, the acquirer shall disclose whatever additional information is necessary to meet those objectives.

55. In June 2019 we asked CMAC and GPF members about removing the requirement in B67(e). Some CMAC and GPF members commented on this question. All CMAC members who commented said it would be possible to remove the requirement in paragraph B67(e) of IFRS 3 if the information would be provided applying other requirements in IFRS Accounting Standards. All GPF members who commented said that in their view this information would be disclosed when applying other requirements (some GPF members noted the information would be disclosed applying paragraph 97 of IAS 1).

56. Accordingly, we recommend removing the requirement in paragraph B67(e) of IFRS 3.

Interim financial statements

57. At the joint CMAC and GPF meeting in June 2019 some GPF members said the disclosure requirement for business combinations in IAS 34 is onerous. Paragraph 16A(i) of IAS 34 contains requirements for disclosing information about business combinations:

> 16A In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the

> following information, in the notes to its interim financial statements or elsewhere in the interim financial report…The information shall normally be reported on a financial year-to-date basis.
>
> …
>
> (i) the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required by IFRS 3 *Business Combinations*.

58. In addition, some respondents to the preliminary views to add a requirement for an entity to disclose information about the subsequent performance of business combinations suggested the IASB consider how that information should be disclosed in interim financial statements. In particular:

    (a) A few respondents to the Discussion Paper (mostly preparer groups) said applying the preliminary views to interim financial reports would be onerous.

    (b) A few users said information about the subsequent performance of a business combination should be disclosed in interim financial statements. In their view, including the information in an entity's interim financial reports would help ensure that important information is communicated to users on a timely basis.

59. We analysed whether:

    (a) to amend the general reference to IFRS 3 in IAS 34 (paragraphs 60–65); and

    (b) to amend IAS 34 in relation to information about the subsequent performance of business combinations (paragraphs 66–68).

General reference to IFRS 3

60. We understand GPF members comments in June 2019 as implying that some stakeholders read paragraph 16A(i) of IAS 34 to suggest that an entity is required to disclose all information required by IFRS 3 in interim financial statements.

61. We think disclosing some information about business combinations is useful in interim financial statements. In effect, we agree with the IASB's previous conclusion that business combinations are a transaction that might have a significant effect on the reporting entity and therefore a transaction for which information could be material.

62. The reference to requirements in IFRS 3 is not the only reference in paragraph 16A of IAS 34 to other disclosure requirements. However, it is the only reference that: (a) refers to an IFRS Accounting Standard broadly rather than specific paragraphs of an IFRS Accounting Standard; and (b) uses the word 'shall'. Accordingly, we understand why GPF members highlighted this requirement.

63. The IASB could delete the specific reference to IFRS 3 (that is, the last sentence) in paragraph 16A(i) of IAS 34. This could make it clear that an entity is required to apply judgement in determining what information to disclose about a business combination in interim financial statements.

64. However, we think an entity is required to apply materiality in assessing what information to disclose in interim periods, regardless of the specific reference to IFRS 3 in paragraph 16A(i) of IAS 34. Accordingly, we see no significant benefit to deleting the reference to IFRS 3 in paragraph 16A(i) of IAS 34.

65. The [Disclosure Initiative—Targeted Standards-level Review of Disclosures] project considered the application of materiality to disclosure requirements. Paragraph 18 of [Agenda Paper 11B] to the IASB's October 2022 meeting notes feedback in that project suggests that the main cause of the disclosure problem is ineffective materiality judgements, rather than the way in which the IASB drafts disclosure requirements in IFRS Accounting Standards.

Information about the subsequent performance of business combinations

66. For the reasons noted in paragraphs 60–65 we think an entity would be required to disclose information about the subsequent performance of business combinations if such information is material in the interim financial statements.

67. Although a few respondents said disclosing such information in interim financial statements would be onerous, other evidence gathered in this project suggests information about the entity's objectives and targets would be avaialble when an entity preparers interim financial statements. For example:

    (a) most participants in fieldwork said that as part of the acqusition process an entity sets targets for the performance of business combinations (paragraphs A13–A15 of Agenda Paper 18C to the IASB's April 2021 meeting); and

    (b) our review of information provided by entities at the time of acqusition outside financial statements, indicates that many entities provide information about objectives and targets (paragraphs 29–36 of Agenda Paper 18A to the IASB's April 2022 meeting).

68. Accordingly, we think overall the feedback supports making no amendments to the requirements in IAS 34 in relation to information about the subsequent performance of business combinations.

Staff recomendation

69. We recommend the IASB makes no amendments to IAS 34 related to business combinations.

Staff recommendation

70. We recommend that the IASB propose to delete the following requirements from IFRS 3:

    (a) Paragraph B64(h)—information about acquired receivables;

(b) Paragraph B67(d)(iii)—a line item in the reconciliation between opening and closing goodwill balances that relates to changes resulting from the subsequent recognition of deferred tax assets; and

(c) Paragraph B67(e)—the amount and an explanation of any material gain or loss recognised in the current reporting period that relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous reporting period.

Question for the IASB
1. Does the IASB agree to delete the following requirements from IFRS 3: a. Paragraph B64(h)—information about acquired receivables; b. Paragraph B67(d)(iii)—a line item in the reconciliation between opening and closing goodwill balances that relates to changes resulting from the subsequent recognition of deferred tax assets; and c. Paragraph B67(e)—the amount and an explanation of any material gain or loss recognised in the current reporting period that relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous reporting period.

Appendix A—US GAAP requirements

A1. This appendix includes the equivalent requirements in US GAAP for each of the requirements in IFRS 3 considered in this Agenda Paper.

Topic of disclosure requirement	**IFRS Standards requirement**	**US GAAP requirement**
Information about acquired receivables	Paragraph B64(h) of IFRS 3	805-20-50-1(b)
The amount of goodwill expected to be deductible for tax purposes	Paragraph B64(k) of IFRS 3	805-30-50-1(d)
Acquisition-related costs	Paragraph B64(m) of IFRS 3	805-10-50-2(f)
Business combinations completed after the end of the reporting period	Paragraph B66 of IFRS 3	Several places, for example 805-10-50-4, 805-20-50-3 and 805-30-50-3
A line item in the required reconciliation between opening and closing goodwill balances that relates to changes resulting from the subsequent recognition of deferred tax assets	Paragraph B67(d)(iii) of IFRS 3, which ultimately refers to paragraph 68 of IAS 12	350-20-50-1(c), which refers to paragraph 805-740-45-2
The amount and an explanation of any material gain or loss recognised in the current reporting period	Paragraph B67(e) of IFRS 3	N/A—no direct US GAAP equivalent

that relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous reporting period		
Interim reporting	Paragraph 16A(i) of IAS 34	270-10-50-5 and 270-10-50-7