

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

BCDGI: Feedback on outreach activities and preparation for FCL Cover Note

Objective

- 1 The objective of the session is to provide a further update to EFRAG TEG as to the feedback received on the outreach activities on EFRAG's DCL on the IASB's discussion paper *Business Combinations: Disclosures, Goodwill and Impairment*. Furthermore, other aspects relating to the project that is important preparation for the final comment letter are presented to EFRAG TEG.

Background

- 2 At the October 2020 meeting, EFRAG TEG requested further information on the issue of commercial sensitivity and the component approach to goodwill when considering the preliminary feedback received. During the intervening outreach events, the EFRAG Secretariat inquired about these topics specifically and the results are summarised in agenda paper 04-02. The EFRAG Secretariat also includes an appendix of the FASB considerations on this in 1999/2000.
- 3 Agenda paper 04-03 provides further considerations on both commercial sensitivity as well as materiality.
- 4 Questions for EFRAG TEG are in the relevant papers.

Next steps

- 5 Deadline for commenting EFRAG DCL is the 30 November, as such the documents presented today do not include feedback from comment letters.
- 6 On 16 December 2020, EFRAG TEG members will discuss the proposed changes to the draft comment letter and will approve to recommend to the EFRAG Board the final comment letter for issuance.
- 7 On 14 January 2021, EFRAG Board will discuss the comment letter and approve it for issuance.

Agenda Papers

- 8 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 04-02 BCDGI – Issues paper updating feedback received during outreach activities relating to DCL on DP (a first version of this document has already been presented to TEG in the October meeting and has been now integrated with the more recent outreach activities);
 - (b) Agenda paper 04-02A BCDGI – Issues paper updating feedback received during outreach activities relating to DCL on DP (Tracked changes from TEG October 2020 meeting).

BCDGI: Outreach activities – Cover Note

- (c) Agenda paper 04-03 BCDGI – Issues paper presenting matters for special consideration: commercial sensitivity and materiality;
 - (d) Agenda paper 04-04 BCDGI – Issues paper updating on the status of FASB's project;
 - (e) Agenda paper 04-05 BCDGI – Issues paper summarising results from survey and interviews with preparers; and
 - (f) Agenda paper 04-06 BCDGI – Issues paper summarising key messages for EFRAG TEG.
- 9 The following webinar summary reports are provided as background information:
- (a) Agenda paper 04-07 *Improving information regarding Business Combinations and subsequent accounting for goodwill – which way to go?*¹ Webinar, 16 October 2020;
 - (b) Agenda paper 04-08 *Business Combinations: Disclosure, Goodwill and Impairment*. Webinar, 23 October 2020;
 - (c) Agenda paper 04-09 *Changes to the accounting for Business Combinations: Disclosures Goodwill and Impairment: Reflections from Norway*. Webinar, 9 November 2020; and
 - (d) Agenda paper 04-10 *What are the views of users? Business Combinations: Disclosures, Goodwill and Impairment*. Webinar, 12 November 2020.

¹ This is the same document as provided for the October TEG meeting.