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Business Combinations—Disclosures, Goodwill and Impairment

Cover Note

Objective

- 1 The objectives of the session are:
 - (a) To present the EFRAG draft comment letter ('DCL') on the IASB Exposure Draft ('ED') on *Business Combinations—Disclosures, Goodwill and Impairment*;
 - (b) To discuss preliminary outreaches that the EFRAG Secretariat is planning.
- 2 We welcome suggestions from EFRAG User Panel and EFRAG FR TEG members on outreach activities and ways to assist EFRAG in obtaining optimal stakeholder feedback on its preliminary views.

Background on the project

- 3 The IASB issued the Exposure Draft [Business Combinations – Disclosures, Goodwill and Impairment](#) (the ED) in March 2024, proposing amendments to IFRS 3 *Business Combinations* and targeted changes to IAS 36 *Impairment of Assets*.
- 4 EFRAG issued its draft comment letter on the ED ([DCL](#)) on 30 April 2024 and requests comments **by 28 June 2024**.
- 5 In its DCL, EFRAG welcomes the IASB's efforts in trying to achieve the right balance to improve the disclosure requirements in IFRS 3 and enhance the impairment test in IAS 36 at a reasonable cost to preparers. However, there are still significant concerns particularly from preparers on commercial sensitivity of information on which EFRAG seeks additional feedback regarding:
 - (a) specific aspects of the proposed package of new disclosures, including application of the exemption, and proposed threshold approach to identify a strategic business combination;
 - (b) the proposal to provide quantitative information on expected synergies; and
 - (c) whether, in addition to the proposal to remove the requirement to use pre-tax cash flows and pre-tax discount rates in calculating value in use, the IASB should deal with existing tax issues, including the treatment of deferred taxes.

Outreach activities

- 6 During May and June 2024, EFRAG is planning outreach activities to collect additional input from stakeholders on EFRAG’s preliminary views on the proposals in the ED, including:
- (a) Outreach calls with preparers’ that have responded to EFRAG’s survey on the disclosure proposals;
 - (b) Outreach calls organised by Accountancy Europe and other accounting/business organisations;
 - (c) Outreach to users – for example organising a user/preparer roundtable; and
 - (d) Outreach meetings organised by National Standard Setters in their jurisdictions.

Agenda Papers

- 7 In addition to this cover note, agenda paper 04-02 – *EFRAG Draft Comment Letter Presentation* – has been provided for the session.