

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG FR 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 FRB or EFRAG FR 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 FRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Business Combinations—Disclosures, Goodwill and Impairment

Cover Note

Objective

- 1 The objectives of the session are to:
 - (a) discuss feedback received during the outreaches and the feedback received on EFRAG's draft comment letter; and
 - (b) recommend EFRAG's final comment letter for approval by the EFRAG FRB at its meeting on 17 July 2024

Background on the project

- 2 The IASB issued its 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*.
- 3 EFRAG issued its draft comment letter on the ED ([DCL](#)) on 30 April 2024 and requested comments **by 28 June 2024**.

Outreach activities and comment letters received

Outreach

- 4 The EFRAG Secretariat reached out to 17 European constituents (11 preparers, 3 user groups, 2 auditors/auditor organisations and one NSS).
- 5 An EFRAG representative participated in an ASCG outreach on 30 June 2024.
- 6 The project team had informal calls with the AcSB (Canada) and with the AASB (Australia) to understand the preliminary views on the ED proposals of non-EU stakeholders.
- 7 **Paper 01-02 provides a summary of the outreach results.**

Comment letters

- 8 As at the date of writing this paper (4 July 2024), EFRAG has received 8 final comment letters and 5 draft comment letters (provided on a confidential basis) from European constituents. Appendix 1 provides a list of respondents. Comment Letters received after this date will be mentioned verbally at the EFRAG TEG FR meeting on 10 July 2024.
- 9 **Paper 01-03 provides a comment letter analysis.**

EFRAG proposed Draft FCL

- 10 The proposed draft FCL was developed by the EFRAG Secretariat based on the feedback received during the outreach and comment letters.
- 11 Given the significant concerns highlighted by preparers and auditors on the disclosure proposals, the **Secretariat proposes some significant changes to EFRAG’s preliminary views** on the proposed disclosures. The Secretariat **will also recommend further improvements to the proposed amendments on the impairment test and value-in-use**. The session will be structured to focus on those significant changes.

Agenda Papers

- 12 The following papers are provided for the session:
 - (a) 01-02 - BCDGI - Outreach summary report - EFRAG TEG FR 24-07-10
 - (b) 01-03 - BCGDI - Comment Letter Analysis - EFRAG FR TEG 24-07-10
 - (c) 01-04 - BCDGI - EFRAG Proposed FCL_CLEAN - EFRAG FR TEG 24-07-10
 - (d) 01-05 - BCDGI - EFRAG Proposed FCL_MARK-UP - EFRAG FR TEG 24-07-10

Next steps

- 13 To recommend and approve the EFRAG final comment letter at the EFRAG FRB meeting on 17 July 2024.

Appendix 1: Comment Letters received

Comment Letters received

- 2 EFRAG received the following Comment Letters as at the cut-off date 3 July 2024 on the [EFRAG website page](#):
 - (a) [CL101 - The Danish Funding Mechanism for EFRAG - EFRAG DCL on IASB ED 2024-1](#)
 - (b) [CL102 - European Savings and Retail Banks Group \(WSBI-ESBG\) - EFRAG DCL on IASB ED 2024-1](#)
 - (c) [CL103 - German Insurance Association \(GDV\) - EFRAG DCL on IASB ED 2024-1](#)
 - (d) [CL104 - Dutch Accounting Standards Board \(DASB\) - EFRAG DCL on IASB ED 2024-1](#)
 - (e) [CL105 - Accountancy Europe - EFRAG DCL on IASB ED 2024-1](#)
 - (f) [CL106 - ICAC - EFRAG DCL on IASB ED 2024-1.pdf](#)
 - (g) [CL107 - AFRAC - EFRAG DCL on IASB ED 2024-1.pdf](#)
 - (h) [CL108 - EFFAS CFR - EFRAG DCL on IASB ED 2024-1.pdf](#)
- 3 We have also received the following draft Comment Letters on a confidential basis:
 - (a) DRAFT1 - Regulator
 - (a) DRAFT2 - National Standard Setter
 - (b) DRAFT3 - Association
 - (c) DRAFT4 - Association
 - (b) DRAFT5 - National Standard Setter