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Date: 28.06.2024

EFRAG's Draft Comment Letter on the IASB's Exposure Draft ED/2024/1 "Business Combinations – Disclosures, Goodwill and Impairment"

Dear Mr Klinz

On behalf of the German Insurance Association (GDV) we welcome the opportunity to provide our comments on the EFRAG's draft comment letter (the 'DCL') in response to the IASB's Exposure Draft "Business Combinations – Disclosures, Goodwill and Impairment, Proposed amendments to IFRS 3 and IAS 36" (the 'ED'), released by EFRAG for public comments on the 30 April 2024.

Overall, we share the EFRAG's acknowledgement that "the IASB is trying to achieve the right balance to improve the disclosure requirements, at a reasonable cost to preparers" (page 1 of the DCL). However, considering the proposals in the ED from the perspective of the main project objectives, we like to observe that the IASB itself concluded that the proposals in the ED would only "partly respond to concerns about impairment losses on goodwill" (paragraph BC21 of the ED). In this context we would like to recall the key principle that **disclosures** are not a proper remedy for addressing an inadequate accounting, here for goodwill acquired in a business combination. The issue with the impairment only approach is that, even if applied properly, it does not work as intended.

In the following we provide some comments for which we would like to ask EFRAG to consider when revisiting the proposals in the DCL:

- The IASB proposes in the ED a package of **additional disclosure** requirements. Like EFRAG, we are not fully convinced yet that they

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all are reasonable and would provide decision useful information. We are indeed concerned that they would often be without a significant incremental value for users, while causing considerable efforts and audit costs to reporting entities. On top of that, the risk of the disclosure overload is apparent. Specifically in context of business combinations with a **direct and swift integration** process afterwards (paragraph 32 of the DCL), the success of the business combination in isolation is neither visible nor traceable, nor even of interest for the management. The focus used to be on the performance of the whole entity at large. In such cases the relevant information is already provided by reporting entities and hence there is no need to introduce additional duplicating disclosure requirements beyond the existing ones (paragraph 40 of the DCL). Indeed, we would like to recommend EFRAG to include this consideration in its final comment letter to the IASB.

- Regarding the **thresholds**, like EFRAG (paragraph 58 of the DCL), we consider that a more holistic principles-based approach would be consistent with the management approach followed by the IASB in the ED for providing the proposed disclosures. Consequently, combination of both quantitative and qualitative thresholds would be indeed more appropriate (paragraph 60 of the DCL), and not an approach based on meeting one of the proposed quantitative or qualitative thresholds. Hence, we do not support the EFRAG's tentative view in paragraph 59 of the DCL.

- While we can see the rationale for the **core time period** (i.e., period up to the end of the second annual reporting period after the year of acquisition) to be established in paragraph B68B (b) of the ED, we do not support the approach that an entity should be required to disclose information about the performance of a business combination for as long as the entity's key management personnel review that information. We believe that the relevant disclosure requirements about the performance of the business combinations should generally apply over the core time period only. It is a reasonable minimum period for the information to be provided. However, obliging the compliant reporting entities to continue to provide the required disclosures beyond the core time period would put them at the disadvantage, as those that did stop or did not even start to review the information (whether the key objectives and related targets of strategic business combinations are being met) would not have to bear the relevant costs to provide those disclosures. Hence, we are not supportive of the tentative view in paragraph 111 of the DCL.

- In general, we are concerned that requiring reporting entities to disclose **quantified** information on the **expected synergies** might lead to potential misinterpretations what the remaining difference between the price paid for an acquired business is representing, when considering the goodwill amount to be recognised after the purchase price allocation. In particular, the IASB expressed the expectation the quantitative information about synergies expected from combining operations of an acquiree and an acquirer would be “typically about an entity’s short-term cash flows” (BC255 (a) of the ED). Although the IASB also proposes requiring an entity to disclose the “time from which the synergies are expected to start and how long they are expected to last” (IFRS 3.B64(ea)), we would recommend an additional clarification in BC148 of the ED that the difference between the goodwill recognised and the amount of the synergies disclosed does not necessarily mean an overpayment case.
- Like EFRAG, we agree with the IASB’s approach not defining synergies (paragraph 153 of the DCL), backing the rationale provided in paragraph BC160 of the ED. However, EFRAG is proposing to recommend the IASB to provide **additional guidance and examples** on how to quantify expected synergies (paragraph 154 the DCL). We believe that such guidance would never be able to cover all different entity-specific circumstances in reality. Hence, it would be either too oversimplistic to be really helpful or it would need to be extensive, then running the risk to undermine the principles-based nature of the Standard. Hence, we do not support EFRAG’s tentative view in this regard and recommend to not challenge the IASB’s concise proposal in this regard. We trust that reporting entities can make the IASB’s approach to work as intended and in auditable manner, should the IASB finalise the proposal.
- The IASB has explained that it was unable to develop a method for identifying a **series of business combinations** entered into to achieve the same strategic objective (paragraph BC72 of the ED). Nevertheless, EFRAG is assessing that such a guidance would still be desirable (paragraph 65 of the DCL), and is proposing to recommend the IASB to implement such **additional guidance** in the main text of the Standard, based on the observations the IASB made in paragraph BC73 of the ED. We don’t think that further inflation of the main text of the Standard would be more effective for the accounting practice. We share the IASB’s reservations in this regard and support the management approach concept driving the disclosures in this regard.

- We welcome the **exemption** proposed in the ED (paragraph 84 of the DCL) and do not believe that any further application guidance is necessary (paragraph 92 of the DCL). However, we also believe that the **scope** of the proposed exemption **should be enlarged**. In particular, it should cover also cases, in which disclosing information on current business combinations can be expected to seriously prejudice the success of future merger or acquisition activities of an entity. Consequently, the scope of the proposed exemption should not be limited to the achievement of any of the acquisition-date key objectives for the current business combination only. The valid perspective of future business combinations should be considered and incorporated into it likewise.

Like EFRAG, we tend to welcome the proposals in the ED regarding the **impairment test design**, although we do not expect them to lead to significant changes in the current accounting praxis. For example, they intend to clarify how the goodwill is allocated to cash-generating units.

- With regard to the particular proposal to remove a **constraint on cash flows** used to calculate value in use (**Question** 7), we are not fully convinced whether this proposal can contribute to more robustness of the impairment only approach. Nevertheless, considering the operational and cost perspective of preparers, we support this relief to be implemented in IAS 36, relying on the disciplined reporting and audit process, governed in reporting entities.

- Consequently, we are not supportive of the proposed request for **additional disclosure requirements** in this context (paragraph 205 of the DCL). We view that it would fully undermine the operational relief the IASB intends to provide with the amendment for preparers. Hence, we see also no need for an **additional guidance** to be provided in this regard (paragraph 201 of the DCL). It must be sufficient for users to accept the robustness of the calculations, and as audited by the responsible auditor. Otherwise, the need to disclose the particular elements of the value in use calculation would fully contradict the IASB's objective to allow its alignment with business plans of reporting entities and to avoid an artificial split.

- We also do not support the proposal in paragraph 182 of the DCL and suggest to reconsider it. Specifically, the proposal to oblige reporting entities to **qualitatively** explain how the changes are "expected to affect the timing of future goodwill impairments" goes far beyond what could be reasonably expected from or be feasible for entities to forecast. The proposal is not capable of reducing shielding effect, but effectively expressing the suspicion that entities are

simply reallocating the recognised goodwill between CGUs solely to avoid goodwill impairments. As a matter of principle, we disagree with standard setting being based on the misuse assumption. In this regard we think that the clarifications proposed by the IASB in the ED (**Question 6**) are already sufficient.

- Finally, we would like to observe that the already **existing extensive disclosure requirements** in IAS 36.134 oblige reporting entities to provide relevant information to investors and other users of the financial statements, including specific **sensitivity analysis** in respect of CGUs (or group of CGUs) to which goodwill (or intangible assets with indefinite useful lives) have been allocated.

Our general perspective and our detailed assessments of the IASB's proposals in the ED, and the related rationale are provided in the GDV comment letter as submitted to the IASB (attached hereafter). We would appreciate it if our comments would be considered when finalising the EFRAG's comment letter on the amendments proposed in the ED.

If you would like to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

German Insurance Association (GDV)

Appendix

The comments of the German insurance industry on the Exposure Draft "Business Combinations – Disclosures, Goodwill and Impairment, Proposed amendments to IFRS 3 and IAS 36" (IASB/ED/2024/1), issued by the IASB on 14 March 2024 for public consultation, as submitted to the IASB.

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Exposure Draft: Business Combinations – Disclosures, Goodwill and Impairment
Proposed amendments to IFRS 3 and IAS 36 (March 2024)

Dear Mr Barckow

On behalf of the German Insurance Association (GDV) we welcome the opportunity to provide comments on the Exposure Draft "Business Combinations – Disclosures, Goodwill and Impairment, Proposed amendments to IFRS 3 and IAS 36" ('the ED'), published by the IASB on 14 March 2024 for public consultation. Our general perspective on the important matters approached by the IASB in the ED is followed by our detailed comments on the questions raised in the ED.

As a matter of principle, we do support the IASB's efforts to improve the effectiveness of the disclosure requirements in IFRS 3. And we fully acknowledge that the IASB aims to achieve the proper balance between the users' needs and the reasonable interests of preparers. We consider however that the package of the additional disclosure requirements proposed in the ED (**Questions 1 - 5**) will cause incremental additional operational and audit costs, and hence substantial efforts for reporting entities, while the incremental benefits for investors and other users of financial statements are obviously not so evident, considering the overall nature of the information proposed to be provided. Hence, we would like to encourage the IASB to revisit the proposals and their design again and carefully assess whether and which of the proposed disclosure requirements are indeed truly indispensable to effectively address investors' needs and should be proceeded with and which should not.

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We explicitly acknowledge and share the qualified conclusion in the ED that “the IASB’s proposals for improving the disclosure requirements in IFRS 3 would also [*only*] partly respond to concerns about impairment losses on goodwill sometimes being recognised too late” [paragraph BC21]. From our perspective, the concerns regarding the impairment losses on goodwill acquired should continue to be in the main focus of the IASB’s project, as it has been the case from the very beginning. We continue to hold the view that disclosures cannot be treated as a proper remedy for issues with the current goodwill accounting.

Consequently, also regarding the proposed amendments to the impairment test in IAS 36 (**Questions 6 - 7**), and while acknowledging the preliminary Board’s decision to retain the impairment only approach, we specifically regret that the IASB did not put forward an explicit proposal to directly address the “too late, too little”-issue with regard to the accounting for the goodwill acquired.

In this regard we would like to note that also the capital market authority IOSCO in its report of 15 December 2023 (link) has expressed the valid expectation that the IASB’s proposals in the ED need to address the important issue. IOSCO reminded issuers that “the goodwill should not be stated at an amount in excess of its recoverable amount, that impairment losses should be recognised in a timely manner, and that disclosures of significant judgements and key assumptions related to the recoverability be transparent” (link, page 1).

The GDV provided in its comment letter of 22 December 2020 (link) a detailed analysis and rationale why there is a need to fix the issue with the current impairment only approach and to revisit the goodwill accounting to achieve proper consistency between the additional earnings and costs being recognised as a consequence of a business combinations. In particular, the current goodwill accounting is against the requirement in IAS 38.48 and is enabling the shielding effect to take place on a regular basis as a matter of fact. The proposed changes in the ED do not address this, and the IASB does not mention this important issue at all. Hence, we ask the IASB to explicitly assess how to overcome these conceptual inconsistency and problematic implications of the current goodwill accounting regime. The key problem to be addressed is indeed that, even if applied properly, the impairment only approach does not work.

For the rationale und the reasons provided above, the German insurers reinforce their firm view that the **goodwill acquired** in a business combination **should be amortised** over its estimated useful life, while the impairment test should be conducted on an annual basis, as is. This is the pragmatic way to ensure a robust accounting model for goodwill.

In this context, we are not fully convinced whether the proposed relaxation of the current impairment test (**Question 7**) is properly contributing to this objective, while we do support the proposal from the operational and cost perspective of reporting entities.

Finally, should the IASB reinforce its tentative decision to retain the impairment only approach this time, the GDV encourages the IASB to revisit it when working on the intangible assets research project in future.

Summing up, and as a matter of principle, the GDV does not support the IASB undertaking efforts to overcome the issues with the currently applied impairment only approach mainly with the introduction of additional disclosure requirements and with some targeted amendments to the impairment test design in IAS 36. We refer to the matter of fact that the IASB has acknowledged itself, as a result of its own extensive staff research and Board analyses, that the effectiveness of the current impairment only test cannot be improved at a reasonable cost. Consequently, there is a need for further intensive work and for a more systematic change. Specifically, there is a need to revisit the interaction of the requirement in IAS 38.48 with the impairment only approach.

Regarding the proposed additional disclosure requirements we are not fully sure whether the incremental value they might provide to investors or other users of the financial statements exceeds and justifies the additional costs for preparers. We suggest revisiting the proposals overall, refocusing them on the minimum absoluty necessary for users' analyses.

In the annex to this letter, we provide our detailed and nuanced comments on the questions raised in the ED and our respective rationale.

We would appreciate it if our comments would be considered by the IASB when taking ultimate decisions on the way forward with the amendments proposed in the ED.

If you would like to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

German Insurance Association (GDV)

Annex: Comments of the German Insurance Association (GDV) on the Exposure Draft: Business Combinations – Disclosures, Goodwill and Impairment, Proposed amendments to IFRS 3 and IAS 36 ('the ED'), released by the IASB on 14 March 2024.

Question 1: Disclosures: Performance of a business combination (proposed paragraphs B67A–B67G of IFRS 3)

(a) Do you agree with the IASB's proposal to require an entity to disclose information about the performance of a strategic business combination, subject to an exemption? Why or why not? In responding, please consider whether the proposals appropriately balance the benefits of requiring an entity to disclose the information with the costs of doing so.

(b) If you disagree with the proposal, what specific changes would you suggest to provide users with more useful information about the performance of a business combination at a reasonable cost?

In general, we do acknowledge the IASB's rationale and efforts aiming to launch additional information to be provided by entities to investors and other users of financial statements regarding the performance of strategic business combinations, next to information about all material business combinations. In this context, we are fully supportive of the envisaged exemption and we consider that it should be absolutely provided to reporting entities. We agree that an entity shall not need to disclose an item of information if doing so can be expected to seriously prejudice the achievement of any of the acquisition-date key objectives for the business combination. We understand that the use of the exemption will be a matter of judgment, to be exercised individually in entity-specific circumstances, based on the guidance intended for paragraphs B67D till B67G of the ED. From our perspective, any other alternative would not be superior to the management approach for this purpose.

Nevertheless, we are still generally concerned whether the attempt to launch the additional information to be provided in case of business combinations will ultimatively improve the effectiveness of financial reporting at large and whether it will really be beneficial for investors and other users of financial statements. We are indeed concerned that they would be often without a significant incremental value for users, while causing considerable efforts and audit costs to reporting entities. On top of that, the risk of the disclosure overload is apparent. Specifically, in context of business combinations with a direct and swift integration

process afterwards ('case of a swift integration') not a success of the business combination in isolation is of interest for the management, but the performance of the whole entity at large. In such cases the relevant information is already provided by reporting entities and hence there is no need to introduce additional duplicating disclosure requirements beyond the existing ones. Indeed, we would like to recommend the IASB to consider this perspective when concluding on the way forward.

In addition, we explicitly acknowledge and share the qualified conclusion in the ED that "the IASB's proposals for improving the disclosure requirements in IFRS 3 would also [*only*] partly respond to concerns about impairment losses on goodwill sometimes being recognised too late" [paragraph BC21]. From our perspective, the concerns regarding the impairment losses on goodwill should continue to be in the main focus of the project, as it has been the case from the very beginning. Indeed, the introduction of new disclosures cannot be treated as a proper remedy for issues with the current goodwill accounting.

Finally, having considered the related rationale provided in paragraphs BC132 till BC143 of the ED, we are still <u>not</u> fully convinced whether the intended dislcosures about the performance of business combinations and about the expected synergies are properly located in the notes to financial statements. We would rather prefer to see them presented in the management commentary. As a matter of principle, as long as the recoverability of assets is given and proven, no additional disclosures should be required for the notes to the financial statements, except to increase the granularity of the presentation provided.

Question 2: Disclosures: Strategic business combinations (proposed paragraph B67C of IFRS 3)

(a) Do you agree with the proposal to use a threshold approach? Why or why not? If you disagree with the proposal, what approach would you suggest and why?

(b) If you agree with the proposal to use a threshold approach, do you agree with the proposed thresholds? Why or why not? If not, what thresholds would you suggest and why?

We generally agree with the threshold approach as such. However, we consider that a more holistic principles-based approach would be more consistent with the management approach followed by the IASB in the ED for providing the proposed disclosures. Hence, a combination of both quantitative and qualitative thresholds would be indeed more appropriate from our perspective.

Consequently, we do not prefer an approach based on meeting one of the proposed quantitative or qualitative thresholds solely as envisaged in the ED. Hence, we do not support the IASB's proposal in this regard. Should the IASB continue with the approach as proposed in the ED, we would suggest to consider referring to the thresholds as a rebuttable assumption only and not as ultimate triggering events. It should be still possible for the entity to verify whether the disclosure requirements are reasonable to be provided or not, considering the objectives provided in proposed paragraph 62A of IFRS 3 (**Question 5**).

Question 3: Disclosures: Exemption from disclosing information (proposed paragraphs B67D–B67G of IFRS 3)

(a) Do you think the proposed exemption can be applied in the appropriate circumstances? If not, please explain why not and suggest how the IASB could amend the proposed principle or application guidance to better address these concerns.

(b) Do you think the proposed application guidance would help restrict the application of the exemption to only the appropriate circumstances? If not, please explain what application guidance you would suggest to achieve that aim.

We strongly support the proposed exemption. It is a key element of the package the IASB is proposing in the ED, aiming to properly balance the needs of users and interests of preparers. The proposed exemption will respond to the concerns raised validly by preparers regarding commercial sensitivity of some forward-looking information.

Additionally, we do believe that the proposed exemption can be properly applied in appropriate circumstances as intended by the IASB. Because its underlying principle is aligned with the approach of IAS 37.92, we do not believe that any further application guidance is necessary.

Nevertheless, we also believe that the scope of the proposed exemption should be enlarged. In particular, it should cover also cases, in which disclosing information on current business combinations can be expected to seriously prejudice the success of future merger or acquisition activities of an entity. Consequently, the scope of the proposed exemption should not be limited to the achievement of any of the acquisition-date key objectives for the current business combination only. The valid perspective of future business combinations should be considered and incorporated into it likewise.

Question 4: Disclosures: Identifying information to be disclosed (proposed paragraphs B67A–B67B of IFRS 3)

(a) Do you agree that the information an entity should be required to disclose should be the information reviewed by the entity's key management personnel? Why or why not? If not, how do you suggest an entity be required to identify the information to be disclosed about the performance of a strategic business combination?

(b) Do you agree that:

  (i) an entity should be required to disclose information about the performance of a business combination for as long as the entity's key management personnel review that information? Why or why not?

  (ii) an entity should be required to disclose the information specified by the proposals when the entity's key management personnel do not start or stop reviewing the achievement of a key objective and the related targets for a strategic business combination within a particular time period? Why or why not?

We are very supportive of the underlying principle of the proposal in the ED that the proposed disclosures about the performance of business combinations are envisaged to be based on information the management uses internally to review and monitor the business combinations. We refer however to our general recommendation to revisit the need for these additional disclosures overall, and specifically in case of a swift integration as explained above.

While we don't disagree and explicitly acknowledge the rationale provided in paragraphs BC112 till BC114 of the ED, we do not anticipate that the new reference to the term 'key management personnel' will cause a significant difference in accounting practice in case of strategic business combinations. We would expect that such mergers and acquisitions activities are anyway closely monitored by the related top management as being involved in the decision making process.

Furthermore, while we can follow the rationale for the **core time period** (i.e., period up to the end of the second annual reporting period after the year of acquisition) to be established in paragraph B68B (b) of the ED, we do <u>not</u> support the approach that an entity should be required to disclose information about the performance of a business combination for <u>as long as</u> the entity's key management personnel review that information. It is our perspective that the relevant disclosure

requirements about the performance of the business combinations should generally apply over the core time period only. It is indeed a reasonable minimum period for the information to be provided. However, obliging the compliant reporting entities to continue to provide the required disclosures beyond the core time period would put them at the disadvantage, as those that did stop or did not even start to review the information (whether the key objectives and related targets of strategic business combinations are being met) would not have to bear the costs.

Finally, we support the proposal in the ED, that entities which do not start reviewing, and do not plan to review, whether an acquisition-date key objective and the related targets for a business combination are met, would be required to disclose that fact. We do not believe however that the envisaged disclosures of reasons for not doing so would effectively serve users. The same rationale applies for cases in which an entity stops reviewing whether an acquisition-date key objective and the related targets for a business combination are met before the end of the second annual reporting period after the year of acquisition.

Our rationale is also that following the management approach, if an entity has the information internally to fulfil the disclosure requirements, it is reasonable to refer to them. However, in the case, within the core time period, in which there is no internal process for reviewing or tracking, or the entity decided to stop the process, there is no need to disclose/justify or challenge the reasons for the related management decision in this regard. In most cases the disclosure would be of boilerplate nature and/or refer to end of the integration process. Hence, we don't think that information provided would be useful for users. Consequently, the disclosure of the fact that an entity does not monitor a particular strategic business combination would be sufficient.

Question 5: Disclosures: Other proposals

We support the IASB's proposal in the ED to add two new disclosure objectives in proposed paragraph 62A of IFRS 3 focusing on the benefits an entity expects from a business combination when agreeing on the price to acquire a business. We also welcome the intention to delete some disclosure requirements from IFRS 3 as proposed in the ED.

However, we do not support the proposal in the ED to disclose quantitative information about **expected synergies** in the year of acquisition (paragraph B64 (ea) of IFRS 3). While the envisaged granularity of the disclosures may be reasonable, we have a more general concern in this regard. We are concerned that requiring reporting entities to disclose **quantified information** on the expected synergies might lead to

potential misinterpretations and an expectation gap what the remaining difference between the price paid for an acquired business is representing, when considering the goodwill amount to be recognised after the purchase price allocation. In particular, the IASB expressed the expectation the quantitative information about synergies expected from combining operations of an acquiree and an acquirer would be "typically about an entity's short-term cash flows" (BC255 (a) of the ED). Although the IASB also proposes requiring an entity to disclose the "time from which the synergies are expected to start and how long they are expected to last" (IFRS 3.B64(ea)), we would recommend an additional clarification in BC148 of the ED that the difference between the goodwill recognised and the amount of the synergies disclosed does not necessarily mean an overpayment case. There might be a different rationale and other reasons beyond the amount of synergies quantified and disclosed.

If the IASB decides to finalise the proposal as is, we agree with the IASB's approach not defining synergies (paragraph 153 of the DCL). We support the rationale provided in paragraph BC160 of the ED. In particular, we do not recommend that the IASB provides additional guidance and examples on how to quantify expected synergies. We believe that such guidance would never be able to cover all the different entity-specific circumstances in practice. Therefore, it would either be too oversimplistic to be really helpful or it would need to be too extensive, then potentially undermining the principles-based nature of the Standard. Consequently, we refer to and rely on the reporting entities' ability to implement the IASB's approach as intended and in auditable manner, should the IASB decide to finalise the proposal in this regard. However, our preferred approach would be to delete the proposals in paragraph B64(ea) (i) and (ii) of the ED.

Question 6: Changes to the impairment test (paragraphs 80–81, 83, 85 and 134(a) of IAS 36)

(a) Do you agree with the proposals to reduce shielding? Why or why not?

(b) Do you agree with the proposal to reduce management over-optimism? Why or why not?

We support the proposed clarifications in (a) for the rationale provided by the IASB (paragraphs BC194-201), although we do not expect that "clarifications" on how to allocate goodwill to cash-generating units can reduce shielding issue as such. It is inherently embedded into the current design of the impairment only model.

Regarding (b) we do not fully endorse the presumption that management over-optimism is the key issue in the context of goodwill accounting and impairments being recognised systematically too late. Business forecasts are based on established and robust management processes and are constantly challenged by responsible auditors. In addition, the current disclosure requirements in IAS 36 already provide a good basis for dealing with the situation by auditors and enforcers. We do not believe that additional disclosure requirements are necessary.

Question 7: Changes to the impairment test: Value in use (paragraphs 33, 44–51, 55, 130(g), 134(d)(v) and A20 of IAS 36)

(a) Do you agree with the proposal to remove the constraint on including cash flows arising from a future restructuring to which the entity is not yet committed or from improving or enhancing an asset's performance? Why or why not?

(b) Do you agree with the proposal to remove the requirement to use pre-tax cash flows and pre-tax discount rates in calculating value in use? Why or why not?

While we fully acknowledge the relevant rationale provided by the IASB, we are not entirely convinced whether the proposed amendments in (a) will contribute to addressing the too little too late issue and to increase the robustness of the impairment only model. However, we agree with the envisaged amendments to IAS 36 from the operational and cost perspective of reporting entities. We support the change referred to in (b).

Question 8: Proposed amendments to IFRS X Subsidiaries without Public Accountability: Disclosures

Do you agree with the proposals? Why or why not?

We do not provide any critical comments here.

Question 9: Transition (proposed paragraph 64R of IFRS 3, proposed paragraph 140O of IAS 36 and proposed paragraph B2 of the Subsidiaries Standard)

Do you agree with the proposals? Why or why not? If you disagree with the proposals, please explain what you would suggest instead and why.

We support the proposed transitional requirements, including the IASB's rationale for the prospective application of the proposed amendments, without restating comparative information.