



**IFRS<sup>®</sup>**

Accounting

March 2024

# Exposure Draft

IFRS<sup>®</sup> Accounting Standard

---

## **Business Combinations—Disclosures, Goodwill and Impairment**

Proposed amendments to IFRS 3 and IAS 36

Comments to be received by 15 July 2024

**Exposure Draft  
Business Combinations – Disclosures,  
Goodwill and Impairment**

**Proposed amendments to  
IFRS 3 and IAS 36**

Comments to be received by 15 July 2024

Exposure Draft IASB/ED/2024/1 *Business Combinations – Disclosures, Goodwill and Impairment* is published by the International Accounting Standards Board (IASB) for comment only. Comments need to be received by **15 July 2024** and should be submitted by email to [commentletters@ifrs.org](mailto:commentletters@ifrs.org) or online at <https://www.ifrs.org/projects/open-for-comment/>.

All comments will be on the public record and posted on our website at [www.ifrs.org](http://www.ifrs.org) unless the respondent requests confidentiality. Such requests will not normally be granted unless supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data.

**Disclaimer:** To the extent permitted by applicable law, the International Accounting Standards Board (IASB) and the Foundation expressly disclaim all liability howsoever arising from this publication or any translation thereof whether in contract, tort or otherwise to any person in respect of any claims or losses of any nature including direct, indirect, incidental or consequential loss, punitive damages, penalties or costs.

Information contained in this publication does not constitute advice and should not be substituted for the services of an appropriately qualified professional.

© 2024 IFRS Foundation

**All rights reserved.** Reproduction and use rights are strictly limited. Please contact the Foundation for further details at [permissions@ifrs.org](mailto:permissions@ifrs.org).

Copies of IASB publications may be ordered from the Foundation by emailing [customerservices@ifrs.org](mailto:customerservices@ifrs.org) or by visiting our shop at <https://shop.ifrs.org>.



The Foundation has trade marks registered around the world including 'IAS\*', 'IASB\*', the IASB® logo, 'IFRIC\*', 'IFRS\*', the IFRS® logo, 'IFRS for SMEs\*', the IFRS for SMEs® logo, the 'Hexagon Device', 'International Accounting Standards\*', 'International Financial Reporting Standards\*', 'NIIF\*' and 'SIC\*'. Further details of the Foundation's trade marks are available from the Foundation on request.

The Foundation is a not-for-profit corporation under the General Corporation Law of the State of Delaware, USA and operates in England and Wales as an overseas company (Company number: FC023235) with its principal office in the Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD.

## CONTENTS

	<i>from page</i>
<b>INTRODUCTION</b>	<b>4</b>
<b>INVITATION TO COMMENT</b>	<b>7</b>
<b>[DRAFT] AMENDMENTS TO IFRS 3 <i>BUSINESS COMBINATIONS</i></b>	<b>16</b>
<b>[DRAFT] AMENDMENTS TO IAS 36 <i>IMPAIRMENT OF ASSETS</i></b>	<b>26</b>
<b>[DRAFT] AMENDMENTS TO IFRS X <i>SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURES</i></b>	<b>34</b>
<b>[DRAFT] AMENDMENTS TO IFRS PRACTICE STATEMENT 2 <i>MAKING MATERIALITY JUDGEMENTS</i></b>	<b>37</b>
<b>APPROVAL BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD OF EXPOSURE DRAFT <i>BUSINESS COMBINATIONS—DISCLOSURES, GOODWILL AND IMPAIRMENT</i> PUBLISHED IN MARCH 2024</b>	<b>38</b>
<b>[DRAFT] AMENDMENTS TO ILLUSTRATIVE EXAMPLES ACCOMPANYING IFRS 3</b>	<b>39</b>
<b>[DRAFT] AMENDMENTS TO ILLUSTRATIVE EXAMPLES ACCOMPANYING IAS 36</b>	<b>42</b>

## Introduction

---

### Why is the IASB publishing this Exposure Draft?

Acquisitions—referred to as business combinations in IFRS Accounting Standards—are often significant transactions for the entities involved. These transactions play an important role in the global economy, with deals announced in 2023 totalling US\$3.2 trillion.<sup>1</sup>

IFRS 3 *Business Combinations* specifies how entities account for business combinations. Through its post-implementation review (PIR) of IFRS 3 and subsequently, the International Accounting Standards Board (IASB) was informed that:

- (a) users of financial statements (users) need better information to help them assess the performance of a business combination. Some users use information provided by the impairment test of cash-generating units containing goodwill in IAS 36 *Impairment of Assets* as a proxy for assessing the success of a business combination. For example, some users said they interpret the recognition of an impairment loss as confirmation that a business combination was unsuccessful.
- (b) the impairment test of cash-generating units containing goodwill is complex, time-consuming and expensive and that impairment losses are sometimes recognised too late (that is, there appears to be a delay between an impairment occurring and an impairment loss being recognised in financial statements).

The IASB is carrying out a standard-setting project on Business Combinations—Disclosures, Goodwill and Impairment to respond to these concerns. The project's objective is to explore whether entities can, at a reasonable cost, provide users with more useful information about business combinations. Providing users with such information would help them make better decisions by allowing them to better assess:

- (a) the performance of an entity's business combinations; and
- (b) how efficiently and effectively management has used the entity's economic resources to acquire these businesses.

### Proposals in this Exposure Draft

This Exposure Draft proposes a package of amendments designed to meet the project's objective. These proposed amendments build on the preliminary views in the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment* and reflect the IASB's considerations of feedback on those preliminary views. The proposed amendments mainly relate to:

- (a) the disclosure requirements in IFRS 3; and
- (b) the impairment test in IAS 36.

---

<sup>1</sup> Based on Bain & Company, 'Looking Back at M&A in 2023: Who Wins in a Down Year?', Bain & Company, 2024, <https://www.bain.com/insights/looking-back-m-and-a-report-2024/>. Used with permission from Bain & Company.

### **The disclosure requirements in IFRS 3**

The IASB proposes to add new disclosure requirements that would result in an entity disclosing:

- (a) information about the performance of business combinations—specifically, information about the entity’s acquisition-date key objectives and related targets for a strategic business combination and the extent to which those key objectives and related targets are met in subsequent periods; and
- (b) quantitative information about the synergies expected to arise from a business combination.

Users confirmed the need for this information in their feedback on the Discussion Paper. However, other stakeholders, particularly preparers, had concerns about the costs of disclosing this information. These stakeholders said that some of this information would be so commercially sensitive that its disclosure in financial statements should not be required, and that disclosing the information could expose an entity to litigation risk.

The IASB decided to proceed with its preliminary views to require entities to disclose this information but responded to stakeholder concerns by proposing that:

- (a) entities be exempt from disclosing some of this information in specific circumstances; and
- (b) an entity be required to disclose information about the performance of business combinations for only a subset of business combinations—strategic business combinations.

The IASB is also proposing some other amendments to the disclosure requirements in IFRS 3.

### **The impairment test in IAS 36**

The IASB proposes some targeted amendments to the requirements in IAS 36 relating to the calculation of value in use, the allocation of goodwill to cash-generating units and the disclosure requirements.

In the IASB’s view, concerns that impairment losses on goodwill are sometimes being recognised too late could have arisen because:

- (a) some stakeholders say users could be misled into thinking a business combination was successful if they assess its success using only information provided by the impairment test in IAS 36. The impairment test in IAS 36 is an impairment test of cash-generating units containing goodwill. It is not designed to directly test the carrying amount of goodwill or to assess the success of a business combination. The proposed new disclosure requirements in IFRS 3 would require an entity to disclose more directly information about the performance of business combinations, thereby eliminating the need for users to rely on the outcome of the impairment test as a proxy.
- (b) some stakeholders view goodwill to be a wasting asset and say that the statement of comprehensive income does not reflect an appropriate amount of expense in relation to the consumption of the goodwill. As explained in paragraphs BC236–BC237 of this Exposure Draft, in the IASB’s view, the appropriate model

for achieving this objective would be an amortisation-based model. However, this concern does not mean the impairment test is flawed; instead, it means that the test cannot meet the expectations of those that consider goodwill to be a wasting asset.

- (c) the design of the impairment test can shield goodwill from impairment. Goodwill can be shielded from impairment by, for example, the headroom of a business with which an acquired business is combined. Headroom is the amount by which a business's recoverable amount exceeds the carrying amount of its recognised net assets. When an entity tests the combined business for impairment, a reduction in the recoverable amount of the combined business is first absorbed by this headroom and an impairment of acquired goodwill can be masked. The IASB is proposing clarifications to how goodwill is allocated to cash-generating units that are expected to help reduce shielding.
- (d) management is being over-optimistic. The IASB's view is that management over-optimism is, in part, better dealt with by enforcers and auditors than by amending IAS 36. However, the IASB is proposing limited changes to the disclosure requirements in IAS 36 to help improve the application of IAS 36 and mitigate this concern.

### **Who would be affected by the proposals?**

The proposed changes to IFRS 3 would affect any entity that enters into a business combination. Some of the proposals would apply only to a subset of an entity's business combinations – strategic business combinations.

The proposed changes to IAS 36 would affect any entity that has cash-generating units containing goodwill. The proposed amendments to how value in use is calculated would also affect the impairment test of all assets to which IAS 36 applies.

### **Next steps**

The IASB will consider comment letters and other feedback on the proposals in the Exposure Draft and will then decide whether to issue the proposed amendments.

## Invitation to comment

---

### Introduction

The IASB invites comments on the proposals in this Exposure Draft, particularly on the questions set out below. Comments are most helpful if they:

- (a) respond to the questions as stated;
- (b) indicate the specific paragraph(s) to which they relate;
- (c) contain a clear rationale;
- (d) identify any wording in a particular proposal that is not clear or would be difficult to translate; and
- (e) identify any alternative the IASB should consider, if applicable.

The IASB requests that comments be confined to the questions asked in this Exposure Draft. However, respondents need not answer all the questions in this invitation to comment.



## Questions for respondents

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

In the PIR of IFRS 3 and in responses to the Discussion Paper the IASB heard that:

- users need better information about business combinations to help them assess whether the price an entity paid for a business combination is reasonable and how the business combination performed after acquisition. In particular, users said they need information to help them assess the performance of a business combination against the targets the entity set at the time the business combination occurred (see paragraphs BC18–BC21).
- preparers of financial statements are concerned about the cost of disclosing that information. In particular, preparers said the information would be so commercially sensitive that its disclosure in financial statements should not be required and disclosing this information could expose an entity to increased litigation risk (see paragraph BC22).

Having considered this feedback, the IASB is proposing changes to the disclosure requirements in IFRS 3 that, in its view, appropriately balance the benefits and costs of requiring an entity to disclose this information. It therefore expects that the proposed disclosure requirements would provide users with more useful information about the performance of a business combination at a reasonable cost.

In particular, the IASB is proposing to require an entity to disclose information about the entity's acquisition-date key objectives and related targets for a business combination and whether these key objectives and related targets are being met (information about the performance of a business combination). The IASB has responded to preparers' concerns about disclosing that information by proposing:

- to require this information for only a subset of an entity's business combinations—strategic business combinations (see question 2); and
- to exempt entities from disclosing some items of this information in specific circumstances (see question 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?

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

The IASB is proposing to require an entity to disclose information about the performance of a business combination (that is, information about the entity's acquisition-date key objectives and related targets for the business combination and whether these key objectives and related targets are being met) for only strategic business combinations—a subset of material business combinations. A strategic business combination would be one for which failure to meet any one of an entity's acquisition-date key objectives would put the entity at serious risk of failing to achieve its overall business strategy.

The IASB is proposing that entities identify a strategic business combination using a set of thresholds in IFRS 3—a business combination that met any one of these thresholds would be considered a strategic business combination (threshold approach) (see paragraphs BC56–BC73).

The IASB based its proposed thresholds on other requirements in IFRS Accounting Standards and the thresholds regulators use to identify particularly important transactions for which an entity is required to take additional steps such as providing more information or holding a shareholder vote. The proposed thresholds are both quantitative (see paragraphs BC63–BC67) and qualitative (see paragraphs BC68–BC70).

- (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?

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

The IASB is proposing to exempt an entity from disclosing some of the information that would be required applying the proposals in this Exposure Draft in specific circumstances. The exemption is designed to respond to preparers' concerns about commercial sensitivity and litigation risk but is also designed to be enforceable and auditable so that it is applied only in the appropriate circumstances (see paragraphs BC74–BC107).

The IASB proposes that, as a principle, an entity be exempt from disclosing some information if doing so can be expected to prejudice seriously the achievement of any of the entity's acquisition-date key objectives for the business combination (see paragraphs BC79–BC89). The IASB has also proposed application guidance (see paragraphs BC90–BC107) to help entities, auditors and regulators identify the circumstances in which an entity can apply the exemption.

- (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.

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

The IASB is proposing to require an entity to disclose information about the performance of the entity's strategic business combinations (that is, information about its acquisition-date key objectives and related targets for a strategic business combination and whether these key objectives and related targets are being met) that is reviewed by its key management personnel (see paragraphs BC110–BC114).

The IASB's proposals would require an entity to disclose this information for as long as the entity's key management personnel review the performance of the business combination (see paragraphs BC115–BC120).

The IASB is also proposing (see paragraphs BC121–BC130) that if an entity's key management personnel:

- 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, the entity would be required to disclose that fact and the reasons for not doing so;
  - stop 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, the entity would be required to disclose that fact and the reasons it stopped doing so; and
  - have stopped reviewing whether an acquisition-date key objective and the related targets for a business combination are met but still receive information about the metric that was originally used to measure the achievement of that key objective and the related targets, the entity would be required to disclose information about the metric during the period up to the end of the second annual reporting period after the year of acquisition.
- (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?

**Question 5—Disclosures: Other proposals**

The IASB is proposing other amendments to the disclosure requirements in IFRS 3. These proposals relate to:

*New disclosure objectives (proposed paragraph 62A of IFRS 3)*

The IASB proposes to add new disclosure objectives in proposed paragraph 62A of IFRS 3 (see paragraphs BC23–BC28).

*Requirements to disclose quantitative information about expected synergies in the year of acquisition (proposed paragraph B64(ea) of IFRS 3)*

The IASB proposes:

- to require an entity to describe expected synergies by category (for example, revenue synergies, cost synergies and each other type of synergy);
- to require an entity to disclose for each category of synergies:
  - the estimated amounts or range of amounts of the expected synergies;
  - the estimated costs or range of costs to achieve these synergies; and
  - the time from which the benefits expected from the synergies are expected to start and how long they will last; and
- to exempt an entity from disclosing that information in specific circumstances.

See paragraphs BC148–BC163.

*The strategic rationale for a business combination (paragraph B64(d) of IFRS 3)*

The IASB proposes to replace the requirement in paragraph B64(d) of IFRS 3 to disclose the primary reasons for a business combination with a requirement to disclose the strategic rationale for the business combination (see paragraphs BC164–BC165).

*Contribution of the acquired business (paragraph B64(q) of IFRS 3)*

The IASB proposes to amend paragraph B64(q) of IFRS 3 to improve the information users receive about the contribution of the acquired business (see paragraphs BC166–BC177). In particular, the IASB proposes:

- to specify that the amount of profit or loss referred to in that paragraph is the amount of operating profit or loss (operating profit or loss will be defined as part of the IASB's Primary Financial Statements project);
- to explain the purpose of the requirement but add no specific application guidance; and
- to specify that the basis for preparing this information is an accounting policy.

*Classes of assets acquired and liabilities assumed (paragraph B64(i) of IFRS 3)*

The IASB proposes to improve the information entities disclose about the pension and financing liabilities assumed in a business combination by deleting the word 'major' from paragraph B64(i) of IFRS 3 and adding pension and financing liabilities to the illustrative example in paragraph IE72 of the Illustrative Examples accompanying IFRS 3 (see paragraphs BC178–BC181).

*Deleting disclosure requirements (paragraphs B64(h), B67(d)(iii) and B67(e) of IFRS 3)*

The IASB proposes to delete some disclosure requirements from IFRS 3 (see paragraphs BC182–BC183).

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

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

During the PIR of IFRS 3, the IASB heard concerns that the impairment test of cash-generating units containing goodwill results in impairment losses sometimes being recognised too late.

Two of the reasons the IASB identified (see paragraphs BC188–BC189) for these concerns were:

- shielding; and
- management over-optimism.

The IASB is proposing amendments to IAS 36 that could mitigate these reasons (see paragraphs BC192–BC193).

*Proposals to reduce shielding*

The IASB considered developing a different impairment test that would be significantly more effective at a reasonable cost but concluded that doing so would not be feasible (see paragraphs BC190–BC191).

Instead, the IASB is proposing changes to the impairment test (see paragraphs 80–81, 83 and 85 of IAS 36) to reduce shielding by clarifying how to allocate goodwill to cash-generating units (see paragraphs BC194–BC201).

*Proposal to reduce management over-optimism*

The IASB's view is that management over-optimism is, in part, better dealt with by enforcers and auditors than by amending IAS 36. Nonetheless, the IASB is proposing to amend IAS 36 to require an entity to disclose in which reportable segment a cash-generating unit or group of cash-generating units containing goodwill is included (see paragraph 134(a) of IAS 36). The IASB expects this information to provide users with better information about the assumptions used in the impairment test and therefore allow users to better assess whether an entity's assumptions are over-optimistic (see paragraph BC202).

- (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?

**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)**

The IASB is proposing to amend how an entity calculates an asset’s value in use. In particular, the IASB proposes:

- to remove a constraint on cash flows used to calculate value in use. An entity would no longer be prohibited from including cash flows arising from a future restructuring to which the entity is not yet committed or cash flows arising from improving or enhancing an asset’s performance (see paragraphs BC204–BC214).
  - to remove the requirement to use pre-tax cash flows and pre-tax discount rates in calculating value in use. Instead, an entity would be required to use internally consistent assumptions for cash flows and discount rates (see paragraphs BC215–BC222).
- (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?

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

The IASB proposes to amend the forthcoming IFRS X *Subsidiaries without Public Accountability: Disclosures* (Subsidiaries Standard) to require eligible subsidiaries applying the Subsidiaries Standard to disclose:

- information about the strategic rationale for a business combination (proposed paragraph 36(ca) of the Subsidiaries Standard);
- quantitative information about expected synergies, subject to an exemption in specific circumstances (proposed paragraphs 36(da) and 36A of the Subsidiaries Standard);
- information about the contribution of the acquired business (proposed paragraph 36(j) of the Subsidiaries Standard); and
- information about whether the discount rate used in calculating value in use is pre-tax or post-tax (paragraph 193 of the Subsidiaries Standard).

See paragraphs BC252–BC256.

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

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

The IASB is proposing to require an entity to apply the amendments to IFRS 3, IAS 36 and the Subsidiaries Standard prospectively from the effective date without restating comparative information. The IASB is proposing no specific relief for first-time adopters. See paragraphs BC257–BC263.

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.

### **Deadline**

The IASB will consider all comments received in writing by 15 July 2024.

### **How to comment**

Please submit your comments electronically:

Online <https://www.ifrs.org/projects/open-for-comment/>

By email [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

Your comments will be on the public record and posted on our website unless you request confidentiality, and we grant your request. We normally grant such requests only if they are supported by a good reason – for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data. If you would like to request confidentiality, please contact us at [commentletters@ifrs.org](mailto:commentletters@ifrs.org) before submitting your letter.



## [Draft] Amendments to IFRS 3 *Business Combinations*

Paragraphs 62A, 62B and 64R are added. Paragraph 63 is amended. Paragraphs 60 and 62 have been deleted. Paragraphs 59 and 61 have not been amended but are included for ease of reference. Deleted text is struck through and new text is underlined.

### Disclosures

---

- 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.
- 60 ~~[Deleted] To meet the objective in paragraph 59, the acquirer shall disclose the information specified in paragraphs B64–B66.~~
- 61 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.
- 62 ~~[Deleted] To meet the objective in paragraph 61, the acquirer shall disclose the information specified in paragraph B67.~~
- 62A** **The acquirer shall disclose information that enables users of its financial statements to evaluate:**
- (a) **the benefits an entity expects from a business combination when agreeing on the price to acquire a business; and**
  - (b) **for a strategic business combination (see paragraph B67C), the extent to which the benefits an entity expects from the business combination are being obtained.**
- 62B** **To meet the objectives in paragraphs 59, 61 and 62A, the acquirer shall disclose the information specified in paragraphs B64–B67C. The acquirer is exempt from disclosing some of this information applying the requirements in paragraphs B67D–B67G.**
- 63 If the specific disclosures required by this and other IFRSs do not meet the objectives set out in paragraphs 59, ~~and 61~~ and 62A, the acquirer shall disclose whatever additional information is necessary to meet those objectives.

## Effective date and transition

---

### Effective date

...

64R *Business Combinations—Disclosures, Goodwill and Impairment*, issued in [Month, Year], amended paragraphs 63, B64, B67 and the heading before paragraph B64, added paragraphs 62A–62B and B67A–B67G and related headings, added defined terms to Appendix A and deleted paragraphs 60 and 62. An entity shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after [Day, Month, Year]. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

## Appendix A

### Defined terms

Three defined terms are added. For ease of reading, new text is not underlined.

<b>key objective</b>	An objective (that is, a specific aim) for a business combination that is critical to the success of the business combination. A key objective is more specific than the strategic rationale for a business combination.
<b>strategic rationale</b>	An entity's reason(s) for entering into a business combination that is aligned with the entity's overall business strategy.
<b>target</b>	<p>A target describes the level of performance that will demonstrate whether a key objective for a business combination has been met.</p> <p>A target shall be specific enough for it to be possible to verify whether the related key objective is being met. A target is measured using a metric that could be denominated in currency units or another unit of measurement.</p>

## Appendix B Application guidance

Paragraphs B64 and B67 and the heading before paragraph B64 are amended.  
Paragraphs B65 and B66 are not amended but are included for ease of reference.  
Deleted text is struck through and new text is underlined.

### Disclosures (application of paragraphs ~~59, 61~~ and 62A)

B64 ~~To meet the objective in paragraph 59, the~~ The acquirer shall disclose the following information for each business combination that occurs during the reporting period:

...

(d) ~~the *strategic rationale* primary reasons~~ for the business combination and a description of how the acquirer obtained control of the acquiree.

(e) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.

(ea) additional information about expected synergies from combining operations of the acquiree and the acquirer. The acquirer shall disclose a description of the expected synergies that specifies each category of expected synergies (for example, revenue synergies, cost synergies and each other type of synergy). For each category of expected synergies, the acquirer shall disclose:

(i) the estimated amounts or range of amounts of the expected synergies.

(ii) the estimated cost or range of costs to achieve these synergies.

(iii) the time from which the benefits from the synergies are expected to start and for how long they are expected to last. This disclosure would require the acquirer to specify whether the benefits from the synergies are expected to be finite or indefinite.

...

(h) ~~for acquired receivables:~~

(i) ~~the fair value of the receivables;~~

(ii) ~~the gross contractual amounts receivable; and~~

(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.~~

- (i) the amounts recognised as of the acquisition date for each ~~major~~-class of assets acquired and liabilities assumed.

...

- (q) the following information:
  - (i) the amounts of revenue and operating profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period;<sup>2</sup> ~~and~~
  - (ii) the revenue and operating profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. The acquirer shall develop an accounting policy to prepare this information that results in the acquirer disclosing information that helps users of its financial statements forecast future performance of the combined entity.

If disclosure of any of the information required by this subparagraph is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable. This IFRS uses the term 'impracticable' with the same meaning as in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

B65 For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose in aggregate the information required by paragraph B64(e)–(q).

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.

B67 ~~For the business combinations described To meet the objective in~~ paragraph 61, 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:

...

- (d) a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:

...

---

<sup>2</sup> Operating profit or loss will be defined as part of the IASB's Primary Financial Statements project.

## BUSINESS COMBINATIONS—DISCLOSURES, GOODWILL AND IMPAIRMENT

- (iii) ~~adjustments resulting from the subsequent recognition of deferred tax assets during the reporting period in accordance with paragraph 67.~~

...

- (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.~~

Paragraphs B67A–B67G and related headings are added. For ease of reading, this text is not underlined.
--

### Strategic business combinations

- B67A The acquirer shall disclose the information described in this paragraph for each strategic business combination (see paragraph B67C). The information to be disclosed is the information reviewed by the acquirer's key management personnel (as defined in IAS 24 *Related Party Disclosures*). The acquirer shall disclose:
- (a) in the year of acquisition, the acquisition-date *key objectives* and the related *targets*. Targets can be disclosed as a range or as a point estimate.
  - (b) in the year of acquisition and in each subsequent reporting period, the extent to which the acquisition-date key objectives and the related targets are being met. This information shall include:
    - (i) information about actual performance being reviewed to determine whether acquisition-date key objectives and the related targets are being met; and
    - (ii) a statement of whether actual performance is meeting or has met the acquisition-date key objectives and related targets.
- B67B The acquirer is required to disclose the information described in paragraph B67A(b) for as long as the acquirer's key management personnel review the actual performance of the strategic business combination against its acquisition-date key objectives and the related targets. However, if the acquirer's key management personnel:
- (a) have not started reviewing and do not plan to review whether an acquisition-date key objective and the related targets disclosed applying paragraph B67A(a) for the strategic business combination are being met, the acquirer shall disclose that fact and the reasons for not doing so.

- (b) stop reviewing whether an acquisition-date key objective and the related targets for the strategic business combination are met before the end of the second annual reporting period after the year of acquisition, the acquirer shall disclose that fact and the reasons for doing so. If the acquirer's key management personnel continue to receive information based on the metric originally used to measure the achievement of that key objective and the related targets during the period up to the end of the second annual reporting period after the year of acquisition, the acquirer shall also disclose that information.

B67C A business combination is a strategic business combination if:

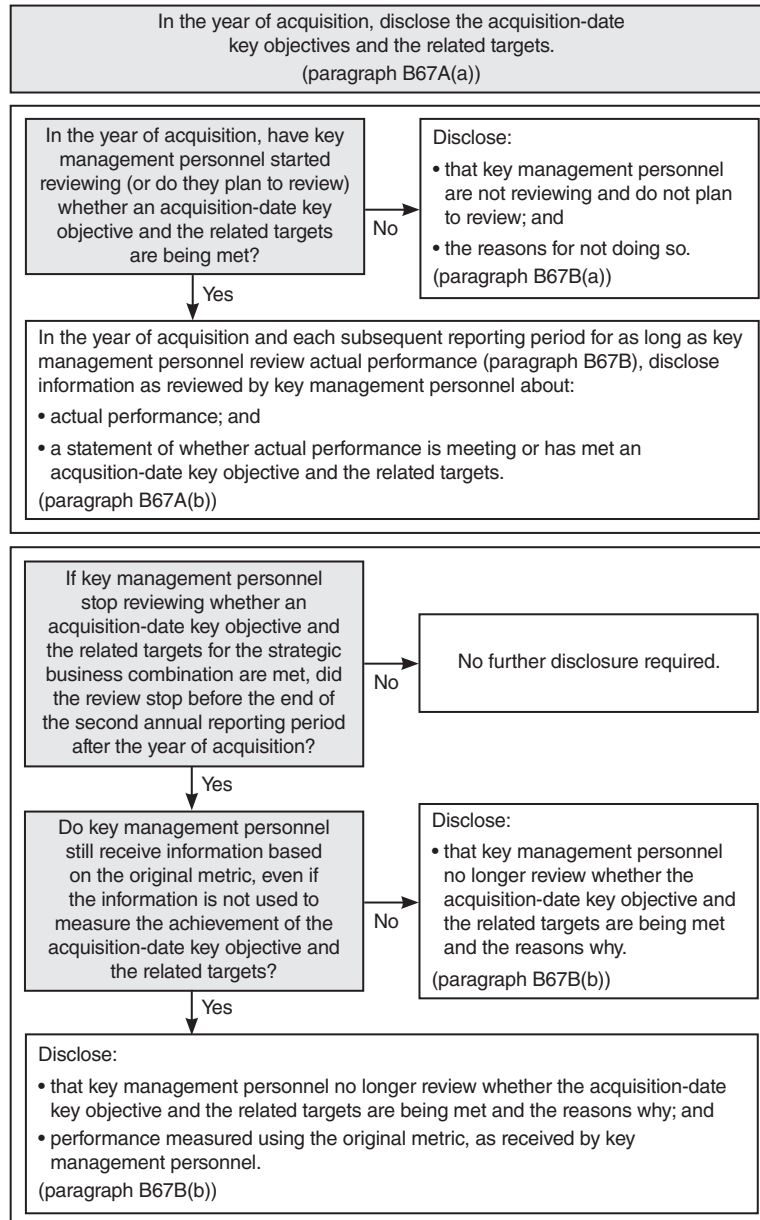
- (a) in the most recent annual reporting period before the acquisition date:
  - (i) the absolute amount of the acquiree's operating profit or loss is 10 per cent or more of the absolute amount of the acquirer's consolidated operating profit or loss;<sup>3</sup> or
  - (ii) the acquiree's revenue is 10 per cent or more of the acquirer's consolidated revenue;
- (b) the amount recognised as of the acquisition date for all assets acquired (including goodwill) is 10 per cent or more of the carrying amount of the total assets recognised in the acquirer's consolidated statement of financial position as at the acquirer's most recent reporting period date before the acquisition date; or
- (c) the business combination resulted in the acquirer entering a new major line of business or geographical area of operations.

Figure 1 demonstrates the application of paragraphs B67A–B67C.

---

<sup>3</sup> Operating profit or loss will be defined as part of the IASB's Primary Financial Statements project.

Figure 1 Information about the performance of a strategic business combination





## Exemption from disclosing information

- B67D An acquirer need not disclose an item of information described in paragraphs B64(ea), B67A(a) or B67A(b)(ii) if doing so can be expected to prejudice seriously the achievement of any of the acquirer's acquisition-date key objectives for the business combination. To determine whether an item of information is eligible for the exemption, an acquirer considers this non-exhaustive list of factors:
- (a) the effect of disclosing the item of information—an entity must be able to describe a specific reason for not disclosing an item of information that identifies the seriously prejudicial effect the entity expects to result from disclosing the information. A general risk of a potential weakening of competitiveness due to disclosing an item of information is not, on its own, sufficient reason to apply the exemption. An entity shall not use the exemption to avoid disclosing an item of information only because that item of information might be considered unfavourably by the capital market.
  - (b) the public availability of information—for example, if an entity has made information publicly available, it would be inappropriate to apply the exemption to that information. Examples of publicly available documents include press releases, investor presentations and regulatory filings made by the entity that are available to the public.
- B67E Before applying the exemption described in paragraph B67D to an item of information, the acquirer shall first consider whether, instead of applying the exemption, it is possible to disclose information in a different way—for example, at a sufficiently aggregated level—such that the disclosure objective in paragraph 62A could be met without prejudicing seriously any of the acquirer's acquisition-date key objectives for the business combination. If it is possible to do so, the acquirer would disclose the information in that different way. If it is impossible to do so, the acquirer shall disclose the fact that it has applied the exemption and the reasons it has not disclosed the item of information.
- B67F For example, if the acquirer concludes that information about expected synergies from combining operations of the acquiree and the acquirer (as required by paragraph B64(ea)) would be eligible for the exemption, before applying the exemption the acquirer would first consider whether it is possible to disclose the information about expected synergies aggregated in total for all categories without prejudicing seriously any of the acquisition-date key objectives for the business combination. If it is possible to do so, the acquirer would disclose information about expected synergies from a business combination aggregated in total for all categories.
- B67G For each item of information required by paragraph B67A(a) to which the acquirer applies the exemption described in paragraph B67D, the acquirer shall reassess at the end of each reporting period whether the item of information is still eligible for the exemption. If it is no longer appropriate to apply the exemption, the acquirer shall disclose the item of information to

#### BUSINESS COMBINATIONS—DISCLOSURES, GOODWILL AND IMPAIRMENT

which it had applied the exemption. For example, if at the end of the reporting period a particular target would no longer be eligible for the exemption the acquirer would disclose that target. An acquirer shall carry out that reassessment for as long as the acquirer would otherwise be required to disclose information about the performance of the business combination applying paragraphs B67A–B67B.

## [Draft] Amendments to IAS 36 *Impairment of Assets*

Paragraphs 44A–44B, 80A–80B and 140O are added. Paragraphs 33, 44, 50–51, 55, 80, 81, 83, 85, 130 and 134 are amended. Paragraphs 45–49 have been deleted. Paragraph 82 has not been amended but is included for ease of reference. Paragraph 44A(a) uses wording that is substantially the same as deleted paragraph 49. Deleted text is struck through and new text is underlined.

### Measuring recoverable amount

---

...

#### Value in use

...

#### Basis for estimates of future cash flows

33 In measuring value in use an entity shall:

- (a) base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight shall be given to external evidence.
- (b) base cash flow projections on the most recent financial budgets/forecasts approved by management, ~~but shall exclude any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance.~~ Projections based on these budgets/forecasts shall cover a maximum period of five years, unless a longer period can be justified.
- (c) estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate shall not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

...

**Composition of estimates of future cash flows**

...

44 ~~Future cash flows shall be estimated for the asset in its current condition. Estimates of future cash flows shall not include estimated future cash inflows or outflows that are expected to arise from:~~

- ~~(a) a future restructuring to which an entity is not yet committed; or~~
- ~~(b) improving or enhancing the asset's performance.~~

44A Estimates of future cash flows of an asset in its current condition include:

- (a) future cash outflows necessary to maintain the level of economic benefits expected to arise from the asset in its current condition. When a cash-generating unit consists of assets with different estimated useful lives, all of which are essential to the ongoing operation of the unit, the replacement of assets with shorter lives is considered to be part of the day-to-day servicing of the unit when estimating the future cash flows associated with the unit. Similarly, when a single asset consists of components with different estimated useful lives, the replacement of components with shorter lives is considered to be part of the day-to-day servicing of the asset when estimating the future cash flows generated by the asset.
- (b) future cash flows associated with the current potential of the asset to be restructured, improved or enhanced. If the asset has the current potential to be restructured, improved or enhanced, and the cash flow projections associated with the restructuring, improvement or enhancement meet the requirements in paragraph 33, estimates of future cash flows for the asset shall include estimated future cash inflows and outflows that are expected to arise from that restructuring, improvement or enhancement.

44B When an entity becomes committed to a restructuring and a provision for restructuring is recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, its calculation of value in use for an asset affected by the restructuring:

- (a) continues to include estimates of future cash inflows and outflows that reflect the cost savings and other benefits from the restructuring (as long as these cash flows meet the requirements in paragraph 33); and
- (b) excludes estimates of future cash outflows for the restructuring because these cash outflows are included in the restructuring provision in accordance with IAS 37.

45–49 [Deleted]

45 ~~Because future cash flows are estimated for the asset in its current condition, value in use does not reflect:~~

- (a) ~~future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed; or~~
- (b) ~~future cash outflows that will improve or enhance the asset's performance or the related cash inflows that are expected to arise from such outflows.~~

46 ~~A restructuring is a programme that is planned and controlled by management and materially changes either the scope of the business undertaken by an entity or the manner in which the business is conducted. IAS 37 Provisions, Contingent Liabilities and Contingent Assets contains guidance clarifying when an entity is committed to a restructuring.~~

47 ~~When an entity becomes committed to a restructuring, some assets are likely to be affected by this restructuring. Once the entity is committed to the restructuring:~~

- (a) ~~its estimates of future cash inflows and cash outflows for the purpose of determining value in use reflect the cost savings and other benefits from the restructuring (based on the most recent financial budgets/forecasts approved by management); and~~
- (b) ~~its estimates of future cash outflows for the restructuring are included in a restructuring provision in accordance with IAS 37.~~

~~Illustrative Example 5 illustrates the effect of a future restructuring on a value in use calculation.~~

48 ~~Until an entity incurs cash outflows that improve or enhance the asset's performance, estimates of future cash flows do not include the estimated future cash inflows that are expected to arise from the increase in economic benefits associated with the cash outflow (see Illustrative Example 6).~~

49 ~~Estimates of future cash flows include future cash outflows necessary to maintain the level of economic benefits expected to arise from the asset in its current condition. When a cash-generating unit consists of assets with different estimated useful lives, all of which are essential to the ongoing operation of the unit, the replacement of assets with shorter lives is considered to be part of the day-to-day servicing of the unit when estimating the future cash flows associated with the unit. Similarly, when a single asset consists of components with different estimated useful lives, the replacement of components with shorter lives is considered to be part of the day-to-day servicing of the asset when estimating the future cash flows generated by the asset.~~

50 ~~Estimates of future cash flows shall not include:~~

- (a) ~~cash inflows or outflows from financing activities; or~~
- (b) ~~income tax receipts or payments.~~

51 Estimated future cash flows reflect assumptions that are consistent with the way the discount rate is determined. Otherwise, the effect of some assumptions will be counted twice or ignored. For example, if the discount rate is determined on a post-tax basis, future cash flows are also estimated on a post-tax basis. Because the time value of money is considered by discounting the estimated future cash flows, these cash flows exclude cash inflows or outflows from financing activities. ~~Similarly, because the discount rate is determined on a pre-tax basis, future cash flows are also estimated on a pre-tax basis.~~

...

#### **Discount rate**

55 The discount rate (rates) shall ~~be a pre-tax rate (rates) that reflect(s) current market assessments of:~~

- (a) the time value of money; and
- (b) the risks specific to the asset for which the future cash flow estimates have not been adjusted.

...

### **Cash-generating units and goodwill**

---

...

#### **Recoverable amount and carrying amount of a cash-generating unit**

...

#### **Goodwill**

##### *Allocating goodwill to cash-generating units*

80 For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated shall:

- (a) represent the lowest level within the entity at which the business associated with the goodwill is monitored for internal management purposes; and
- (b) not be larger than an operating segment as defined by paragraph 5 of IFRS 8 *Operating Segments* before aggregation.

80A In applying paragraph 80, an entity first applies paragraph 80(a) to determine the lowest level at which the business associated with the goodwill is monitored for internal management purposes. Applying paragraph 80(a) requires an entity:

- (a) to identify the cash-generating units or groups of cash-generating units (see paragraph 81) expected to benefit from the synergies of the combination; and
- (b) to then determine the lowest level for which there is financial information about the cash-generating units identified in paragraph 80A(a) that management regularly uses to monitor the business associated with the goodwill. That financial information reflects how the benefits expected from the synergies of the combination are managed.

80B The requirement in paragraph 80(b) sets the highest level at which an entity is permitted to allocate goodwill for the purpose of applying paragraph 80(a) and is therefore applied only after paragraph 80(a) has been applied.

81 Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill does not generate cash flows independently of other assets or groups of assets, and often contributes to the cash flows of multiple cash-generating units. Goodwill sometimes cannot be allocated on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units. This occurs because goodwill is associated with a business and a business sometimes comprises a group of cash-generating units. As a result, the lowest level within the entity at which the business associated with the goodwill is monitored for internal management purposes sometimes comprises a number of cash-generating units to which the goodwill relates, but to which it cannot be allocated separately. References in paragraphs 83–99 and Appendix C to a cash-generating unit to which goodwill is allocated should be read as references also to a group of cash-generating units to which goodwill is allocated.

82 Applying the requirements in paragraph 80 results in goodwill being tested for impairment at a level that reflects the way an entity manages its operations and with which the goodwill would naturally be associated. Therefore, the development of additional reporting systems is typically not necessary.

83 A cash-generating unit to which goodwill is allocated for the purpose of impairment testing may not coincide with:

- (a) the level at which goodwill is allocated in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates* for the purpose of measuring foreign currency gains and losses. For example, if an entity is required by IAS 21 to allocate goodwill to relatively low levels for the purpose of measuring foreign currency gains and losses, it is not required to test the goodwill for impairment at that same level unless it also monitors

the business associated with the goodwill at that level for internal management purposes.

- (b) the level at which key management personnel (as defined in IAS 24 Related Party Disclosures) review a business combination's performance as described in paragraphs B67A–B67B of IFRS 3 Business Combinations. The objective of the review described in paragraphs B67A–B67B of IFRS 3 is different from that of the monitoring described in paragraphs 80(a) and 80A. For example, an entity's key management personnel might review the performance of a business combination using information about the operating segment into which the acquired business has been integrated. However, if financial information management uses to monitor the business is available at a level lower than the operating segment that contains some (or all) cash-generating units expected to benefit from the synergies of the combination, the entity would test for impairment some (or all) of the associated goodwill at this lower level.

...

- 85 In accordance with IFRS 3 *Business Combinations*, if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the acquirer...

...

## Disclosure

---

...

- 130 An entity shall disclose the following for an individual asset (including goodwill) or a cash-generating unit, for which an impairment loss has been recognised or reversed during the period:

...

- (g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use, and whether the rate(s) are pre-tax or post-tax.

...

### **Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives**

- 134 An entity shall disclose the information required by (a)–(f) for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:



- (a) the carrying amount of goodwill allocated to the unit (group of units) and, if the entity reports segment information in accordance with IFRS 8, the reportable segment that contains the unit (group of units).
- ...
- (d) if the unit's (group of units') recoverable amount is based on value in use:
- ...
- (v) the discount rate(s) applied to the cash flow projections, and whether the rate(s) are pre-tax or post-tax.
- ...

### Transition provisions and effective date

---

...

1400 *Business Combinations—Disclosures, Goodwill and Impairment*, issued in [Month, Year], amended paragraphs 33, 44, 50–51, 55, 80, 81, 83, 85, 130 and 134; added paragraphs 44A–44B and 80A–80B; and deleted paragraphs 45–49 and A20. An entity shall apply these amendments to impairment tests performed on or after [Day, Month, Year]. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

## Appendix A

### Using present value techniques to measure value in use

Paragraph A20 has been deleted. Deleted text is struck through and new text is underlined.

...

#### Discount rate

...

A20 [Deleted] Paragraph 55 requires the discount rate used to be a pre-tax rate. Therefore, when the basis used to estimate the discount rate is post-tax, that basis is adjusted to reflect a pre-tax rate.

## [Draft] Amendments to IFRS X *Subsidiaries without Public Accountability: Disclosures*

The amendments in this section are based on the Exposure Draft *Subsidiaries without Public Accountability: Disclosures* and are amended for subsequent decisions made by the IASB in its project on Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures.

Paragraph 36A is added. Paragraphs 36 and 193 are amended. New text is underlined.

### Disclosure requirements

---

...

#### IFRS 3 *Business Combinations*

36 For each *business combination* during the reporting period, the *acquirer* shall disclose:

...

(ca) the *strategic rationale* for the business combination.

...

(da) additional information about expected synergies from combining operations of the acquiree and the acquirer. The acquirer shall disclose a description of the expected synergies that specifies each category of expected synergies (for example, revenue synergies, cost synergies and each other type of synergy). For each category of expected synergies, the acquirer shall disclose:

(i) the estimated amounts or range of amounts of the expected synergies.

(ii) the estimated costs or range of costs to achieve these synergies.

(iii) the time from which the benefits from the synergies are expected to start and for how long they are expected to last. This disclosure would require the acquirer to specify whether the benefits from the synergies are expected to be finite or indefinite.

...

(j) the following information:

(i) the amounts of revenue and operating profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period.<sup>4</sup>

---

<sup>4</sup> Operating profit or loss will be defined as part of the IASB's Primary Financial Statements project.

- (ii) the revenue and operating profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. The acquirer shall develop an accounting policy to prepare this information that results in the acquirer disclosing information that helps users of its financial statements forecast future performance of the combined entity.

If disclosure of any of the information required by this subparagraph is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable.

- 36A An acquirer need not disclose an item of information described in paragraph 36(da) in specific circumstances. The acquirer shall apply paragraphs B67D–B67G of IFRS 3 when assessing whether to disclose an item of information described in paragraph 36(da).

...

### **IAS 36 *Impairment of Assets***

...

#### **Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives**

- 193 An entity shall disclose the information required by (a)–(e) for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity’s total carrying amount of goodwill or intangible assets with indefinite useful lives:

...

- (d) if the unit’s (group of units’) recoverable amount is based on value in use:

...

- (iii) the discount rate(s) applied to the cash flow projections, and whether the rate(s) are pre-tax or post-tax.

## Appendix B—Effective date and transition

Paragraph B2 is added. For ease of reading, new text is not underlined.

- B2 *Business Combinations—Disclosures, Goodwill and Impairment*, issued in [Month, Year], amended paragraphs 36 and 193 and added paragraph 36A. An entity shall apply these amendments for reporting periods beginning on or after [Day, Month, Year] without restating comparative information. Earlier application is permitted.

**[Draft] Amendments to IFRS Practice Statement 2 *Making Materiality Judgements***

Example F in paragraph 26 is amended. New text is underlined and deleted text is struck through.

**General characteristics of materiality**

---

...

**Impact of publicly available information**

...

26 Moreover, public availability of information does not relieve an entity of the obligation to provide material information in its financial statements.

**Example F—impact of an entity’s press release on materiality judgements**

**Background**

An entity undertook a business combination in the reporting period. The acquisition doubled the size of the entity’s operations in one of its main markets. On the acquisition date, the entity issued a press release providing an extensive explanation of the strategic rationale ~~primary reasons~~ for the business combination and a description of how it obtained control over the acquired business, together with other information related to the acquisition.

**Application**

In preparing its financial statements, the entity first considered the disclosure requirements in IFRS 3 *Business Combinations*. Paragraph B64(d) of IFRS 3 requires an entity to disclose, for each business combination that occurs during the reporting period, ‘the strategic rationale ~~primary reasons~~ for the business combination and a description of how the acquirer obtained control of the acquiree’.

The entity concludes that information about the business combination is material because the acquisition is expected to have a significant impact on the entity’s operations, due to the overall size of the transaction compared with the size of the entity. In these circumstances, even though information relating to the strategic rationale ~~primary reasons~~ for the business combination and the description of how it obtained control is already included in a public statement, the entity needs to provide the information in its financial statements.

**Approval by the International Accounting Standards Board of  
Exposure Draft *Business Combinations—Disclosures, Goodwill  
and Impairment* published in March 2024**

---

The Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* was approved for publication by all 14 members of the International Accounting Standards Board.

Andreas Barckow	Chair
Linda Mezon-Hutter	Vice-Chair
Nick Anderson	
Patrina Buchanan	
Tadeu Cendon	
Florian Esterer	
Zach Gast	
Hagit Keren	
Jianqiao Lu	
Bruce Mackenzie	
Bertrand Perrin	
Rika Suzuki	
Ann Tarca	
Robert Uhl	

## [Draft] Amendments to Illustrative Examples accompanying IFRS 3

Paragraph IE72A is added. Paragraph IE72 is amended. New text is underlined and deleted text is struck through.

### Disclosure requirements

*Illustrating the consequences of applying the disclosure requirements in paragraphs 59–63 and B64–B67C of IFRS 3.*

IE72 The following example illustrates some of the disclosure requirements of IFRS 3; it is not based on an actual transaction. The example assumes that AC is a listed entity and that TC is an unlisted entity. The illustration presents the disclosures in a tabular format that refers to the specific disclosure requirements illustrated. An actual footnote might present many of the disclosures illustrated in a simple narrative format.

### Footnote X: Acquisitions

#### Paragraph reference

- B64(a)–(d) On 30 June 20X0 AC acquired 15 per cent of the outstanding ordinary shares of TC. On 30 June 20X2 AC acquired 60 per cent of the outstanding ordinary shares of TC and obtained control of TC. TC is a provider of data networking products and services in Canada and Mexico. As a result of the acquisition, AC is expected to be the leading provider of data networking products and services in those markets, contributing to AC's strategy of being the leading provider of data networking products and services in North America. It also expects to reduce costs through economies of scale.
- B64(e) The goodwill of CU2,500 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of AC and TC.
- B64(ea) The business combination is expected to generate recurring annual revenue synergies of CU80–CU100 and recurring annual cost synergies of CU100–CU125. The costs to achieve these synergies are expected to include recurring costs of CU15 to achieve the revenue synergies and a one-off cost of CU75 to achieve the cost synergies. Management expects the benefit of the revenue synergies to start from 20X4 and the benefit from the cost synergies to be fully realised by 20X3.
- B64(k) None of the goodwill recognised is expected to be deductible for income tax purposes. The following table summarises the consideration paid for TC and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest in TC.

*continued...*



...continued

**Footnote X: Acquisitions****Paragraph  
reference**

At 30 June 20X2

	Consideration	CU
B64(f)(i)	Cash	5,000
B64(f)(iv)	Equity instruments (100,000 ordinary shares of AC)	4,000
B64(f)(iii); B64(g)(i)	Contingent consideration arrangement	1,000
B64(f)	<b>Total consideration transferred</b>	<u>10,000</u>
B64(p)(i)	<b>Fair value of AC's equity interest in TC held before the business combination</b>	<u>2,000</u>
		<u>12,000</u>
B64(m)	<b>Acquisition-related costs</b> (included in selling, general and administrative expenses in AC's statement of comprehensive income for the year ended 31 December 20X2)	1,250
B64(i)	<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
	Financial assets	3,500
	Inventory	<u>3,000</u> <del>1,000</del>
	Property, plant and equipment	10,000
	Identifiable intangible assets	3,300
	<u>Liabilities arising from financing activities</u>	<u>(1,200)</u>
	<u>Other financial liabilities</u> <del>Financial liabilities</del>	<u>(4,000)</u>
	<u>Defined benefit pension liabilities</u>	<u>(800)</u>
	Contingent liability	<u>(1,000)</u>
	Total identifiable net assets	<u>12,800</u>
B64(o)(i)	<b>Non-controlling interest in TC</b>	<u>(3,300)</u>
	<b>Goodwill</b>	<u>2,500</u>
		<u>12,000</u>

...

continued...

...continued

**Footnote X: Acquisitions**

Paragraph reference	
B64(h)	<del>The fair value of the financial assets acquired includes receivables under finance leases of data networking equipment with a fair value of CU2,375. The gross amount due under the contracts is CU3,100, of which CU450 is expected to be uncollectible.</del>
...	
B64(q)(i)	The revenue included in the consolidated statement of comprehensive income since 30 June 20X2 contributed by TC was CU4,090. TC also contributed <u>operating profit</u> of CU1,710 over the same period.
B64(q)(ii)	Had TC been consolidated from 1 January 20X2 the consolidated statement of comprehensive income would have included revenue of CU27,670 and <u>operating profit</u> of CU12,870.
IE72A	<u>An acquirer would be required to disclose the following additional information applying the disclosure requirements in paragraphs B67A–B67B of IFRS 3 if the business combination is a strategic business combination (see paragraph B67C of IFRS 3).</u>
B67A(a)	<u>The entity plans to integrate TC into its North American operations, and management will review the performance of the acquisition based on information about AC’s North American operations.</u>
B67A(a)	<u>In line with AC’s strategy, management’s key objectives and related targets for this business combination are:</u> <ul style="list-style-type: none"> <li>• <u>to increase the annual revenue and profit of the entity’s North American operations. This key objective will be assessed using targets of increasing annual revenue by 45% and profit by 40% by 20X4 (compared to 20X1).</u></li> <li>• <u>to increase the entity’s market share in North America by 20X4. This key objective will be assessed using a target of increasing market share from approximately 15% in 20X1 to approximately 20%.</u></li> </ul>
B67A(b)(i)	<u>For the financial period ended 31 December 20X2, AC increased:</u> <ul style="list-style-type: none"> <li>• <u>its annual revenue by 20% and profit by 18% for the North American operations; and</u></li> <li>• <u>its approximate market share to 16% in North America.</u></li> </ul>
B67A(b)(ii)	<u>Performance to date is in line with expectation.</u>

## **[Draft] Amendments to Illustrative Examples accompanying IAS 36**

Examples 1, 2 and 9 are amended. Examples 5 (paragraphs IE44–IE53) and 6 (paragraphs IE54–IE61) are deleted. Paragraph IE1 is not amended but is included for ease of reference.

New text is underlined and deleted text is struck through.

### **Example 1 Identification of cash-generating units**

---

...

#### **A Retail store chain**

##### **Background**

IE1 Store X belongs to a retail store chain M. X makes all its retail purchases through M's purchasing centre. Pricing, marketing, advertising and human resources policies (except for hiring X's cashiers and sales staff) are decided by M. M also owns five other stores in the same city as X (although in different neighbourhoods) and 20 other stores in other cities. All stores are managed in the same way as X. X and four other stores were purchased five years ago and goodwill was recognised.

What is the cash-generating unit for X (X's cash-generating unit)?

##### **Analysis**

...

IE4 If X's cash-generating unit represents the lowest level within M at which the business associated with the goodwill is monitored for internal management purposes, M applies to that cash-generating unit the impairment test described in paragraph 90 of IAS 36. If information about the carrying amount of goodwill is not available and the business associated with the goodwill is not monitored for internal management purposes at the level of X's cash-generating unit, M applies to that cash-generating unit the impairment test described in paragraph 88 of IAS 36.

...

## Example 2 Calculation of value in use and recognition of an impairment loss

...

### Background and calculation of value in use

IE23 At the end of 20X0, entity T acquires entity M for CU10,000. M has manufacturing plants in three countries.

Schedule 1. Data at the end of 20X0

<i>End of 20X0</i>	<i>Allocation of purchase price</i>	<i>Fair value of identifiable assets</i>	<i>Goodwill<sup>(a)</sup></i>
	<b>CU</b>	<b>CU</b>	<b>CU</b>
Activities in Country A	3,000	2,000	1,000
Activities in Country B	2,000	1,500	500
Activities in Country C	5,000	3,500	1,500
Total	<u>10,000</u>	<u>7,000</u>	<u>3,000</u>

(a) Activities in each country represent the lowest level at which the business associated with the goodwill is monitored for internal management purposes (determined as the difference between the purchase price of the activities in each country, as specified in the purchase agreement, and the fair value of the identifiable assets).

...

~~IE44–IE61 [Deleted]~~

## Example 5 Treatment of a future restructuring

*In this example, tax effects are ignored.*

### Background

IE44 At the end of 20X0, entity K tests a plant for impairment. The plant is a cash-generating unit. The plant's assets are carried at depreciated historical cost. The plant has a carrying amount of CU3,000 and a remaining useful life of 10 years.

IE45 The plant's recoverable amount (ie higher of value in use and fair value less costs of disposal) is determined on the basis of a value in use calculation. Value in use is calculated using a pre-tax discount rate of 14 per cent.

IE46 Management approved budgets reflect that:

EXPOSURE DRAFT—MARCH 2024

- (a) ~~at the end of 20X3, the plant will be restructured at an estimated cost of CU100. Since K is not yet committed to the restructuring, a provision has not been recognised for the future restructuring costs.~~
- (b) ~~there will be future benefits from this restructuring in the form of reduced future cash outflows.~~

IE47 ~~At the end of 20X2, K becomes committed to the restructuring. The costs are still estimated to be CU100 and a provision is recognised accordingly. The plant's estimated future cash flows reflected in the most recent management approved budgets are given in paragraph IE51 and a current discount rate is the same as at the end of 20X0.~~

IE48 ~~At the end of 20X3, actual restructuring costs of CU100 are incurred and paid. Again, the plant's estimated future cash flows reflected in the most recent management approved budgets and a current discount rate are the same as those estimated at the end of 20X2.~~

**At the end of 20X0**

Schedule 1. Calculation of the plant's value in use at the end of 20X0

<i>Year</i>	<i>Future cash flows</i>	<i>Discounted at 14%</i>
	<b>CU</b>	<b>CU</b>
20X1	300 <sup>(a)</sup>	263
20X2	280 <sup>(b)</sup>	215
20X3	420 <sup>(b)</sup>	283
20X4	520 <sup>(b)</sup>	308
20X5	350 <sup>(b)</sup>	182
20X6	420 <sup>(b)</sup>	191
20X7	480 <sup>(b)</sup>	192
20X8	480 <sup>(b)</sup>	168
20X9	460 <sup>(b)</sup>	141
20X10	400 <sup>(b)</sup>	108
		2,051

(a) Excludes estimated restructuring costs reflected in management budgets.

(b) Excludes estimated benefits expected from the restructuring reflected in management budgets.

BUSINESS COMBINATIONS—DISCLOSURES, GOODWILL AND IMPAIRMENT

IE49 The plant's recoverable amount (ie value in use) is less than its carrying amount. Therefore, K recognises an impairment loss for the plant.

Schedule 2. Calculation of the impairment loss at the end of 20X0

	<b>Plant CU</b>
Carrying amount before impairment loss	3,000
Recoverable amount (Schedule 1)	2,051
Impairment loss	<u>(949)</u>
Carrying amount after impairment loss	<u><u>2,051</u></u>

**At the end of 20X1**

IE50 No event occurs that requires the plant's recoverable amount to be re-estimated. Therefore, no calculation of the recoverable amount is required to be performed.

**At the end of 20X2**

IE51 The entity is now committed to the restructuring. Therefore, in determining the plant's value in use, the benefits expected from the restructuring are considered in forecasting cash flows. This results in an increase in the estimated future cash flows used to determine value in use at the end of 20X0. In accordance with paragraphs 110 and 111 of IAS 36, the recoverable amount of the plant is re-determined at the end of 20X2.

EXPOSURE DRAFT—MARCH 2024

Schedule 3. Calculation of the plant's value in use at the end of 20X2

<i>Year</i>	<i>Future cash flows</i>	<i>Discounted at 14%</i>
	<b>CU</b>	<b>CU</b>
20X3	420 <sup>(a)</sup>	368
20X4	570 <sup>(b)</sup>	439
20X5	380 <sup>(b)</sup>	256
20X6	450 <sup>(b)</sup>	266
20X7	510 <sup>(b)</sup>	265
20X8	510 <sup>(b)</sup>	232
20X9	480 <sup>(b)</sup>	192
20X10	410 <sup>(b)</sup>	144
		2,162
		2,162

(a) Excludes estimated restructuring costs because a liability has already been recognised.

(b) Includes estimated benefits expected from the restructuring reflected in management budgets.

IE52 The plant's recoverable amount (value in use) is higher than its carrying amount (see Schedule 4). Therefore, K reverses the impairment loss recognised for the plant at the end of 20X0.

Schedule 4. Calculation of the reversal of the impairment loss at the end of 20X2

	<b>Plant</b>
	<b>CU</b>
Carrying amount at the end of 20X0 (Schedule 2)	2,051
<i>End of 20X2</i>	
Depreciation charge (for 20X1 and 20X2—Schedule 5)	(410)
Carrying amount before reversal	1,641
Recoverable amount (Schedule 3)	2,162
Reversal of the impairment loss	521
Carrying amount after reversal	2,162
Carrying amount: depreciated historical cost (Schedule 5)	2,400 <sup>(a)</sup>

## BUSINESS COMBINATIONS—DISCLOSURES, GOODWILL AND IMPAIRMENT

(a) The reversal does not result in the carrying amount of the plant exceeding what its carrying amount would have been at depreciated historical cost. Therefore, the full reversal of the impairment loss is recognised.

### At the end of 20X3

IE53 There is a cash outflow of CU100 when the restructuring costs are paid. Even though a cash outflow has taken place, there is no change in the estimated future cash flows used to determine value in use at the end of 20X2. Therefore, the plant's recoverable amount is not calculated at the end of 20X3.

#### Schedule 5. Summary of the carrying amount of the plant

<i>End of year</i>	<i>Depreciated historical cost</i>	<i>Recoverable amount</i>	<i>Adjusted depreciation charge</i>	<i>Impairment loss</i>	<i>Carrying amount after impairment</i>
	CU	CU	CU	CU	CU
20X0	3,000	2,051	0	(949)	2,051
20X1	2,700	nc	(205)	0	1,846
20X2	2,400	2,162	(205)	521	2,162
20X3	2,100	nc	(270)	0	1,892

nc = not calculated as there is no indication that the impairment loss may have increased/decreased.

### Example 6 Treatment of future costs

*In this example, tax effects are ignored.*

#### Background

IE54 At the end of 20X0, entity F tests a machine for impairment. The machine is a cash-generating unit. It is carried at depreciated historical cost and its carrying amount is CU150,000. It has an estimated remaining useful life of 10 years.

IE55 The machine's recoverable amount (ie higher of value in use and fair value less costs of disposal) is determined on the basis of a value in use calculation. Value in use is calculated using a pre-tax discount rate of 14 per cent.

IE56 Management approved budgets reflect:

- (a) estimated costs necessary to maintain the level of economic benefit expected to arise from the machine in its current condition; and
- (b) that in 20X4, costs of CU25,000 will be incurred to enhance the machine's performance by increasing its productive capacity.

IE57 At the end of 20X4, costs to enhance the machine's performance are incurred. The machine's estimated future cash flows reflected in the most recent management approved budgets are given in paragraph IE60 and a current discount rate is the same as at the end of 20X0.



**At the end of 20X0**

Schedule 1. Calculation of the machine's value in use at the end of 20X0

<i>Year</i>	<i>Future cash flows</i> <b>CU</b>	<i>Discounted at 14%</i> <b>CU</b>
20X1	22,165 <sup>(a)</sup>	19,443
20X2	21,450 <sup>(a)</sup>	16,505
20X3	20,550 <sup>(a)</sup>	13,871
20X4	24,725 <sup>(a),(b)</sup>	14,639
20X5	25,325 <sup>(a),(c)</sup>	13,153
20X6	24,825 <sup>(a),(c)</sup>	11,310
20X7	24,123 <sup>(a),(c)</sup>	9,640
20X8	25,533 <sup>(a),(c)</sup>	8,951
20X9	24,234 <sup>(a),(c)</sup>	7,452
20X10	22,850 <sup>(a),(c)</sup>	6,164
Value in use		<u>121,128</u>

(a) Includes estimated costs necessary to maintain the level of economic benefit expected to arise from the machine in its current condition.

(b) Excludes estimated costs to enhance the machine's performance reflected in management budgets.

(c) Excludes estimated benefits expected from enhancing the machine's performance reflected in management budgets.

BUSINESS COMBINATIONS—DISCLOSURES, GOODWILL AND IMPAIRMENT

IE58 ~~The machine's recoverable amount (value in use) is less than its carrying amount. Therefore, F recognises an impairment loss for the machine.~~

~~Schedule 2. Calculation of the impairment loss at the end of 20X0~~

	<b>Machine CU</b>
Carrying amount before impairment loss	150,000
Recoverable amount (Schedule 1)	121,128
Impairment loss	<u>(28,872)</u>
Carrying amount after impairment loss	<u>121,128</u>

**Years 20X1–20X3**

IE59 ~~No event occurs that requires the machine's recoverable amount to be re-estimated. Therefore, no calculation of recoverable amount is required to be performed.~~

**At the end of 20X4**

IE60 ~~The costs to enhance the machine's performance are incurred. Therefore, in determining the machine's value in use, the future benefits expected from enhancing the machine's performance are considered in forecasting cash flows. This results in an increase in the estimated future cash flows used to determine value in use at the end of 20X0. As a consequence, in accordance with paragraphs 110 and 111 of IAS 36, the recoverable amount of the machine is recalculated at the end of 20X4.~~

~~Schedule 3. Calculation of the machine's value in use at the end of 20X4~~

<b>Year</b>	<b>Future Discounted cash at 14% flows<sup>(a)</sup></b>	
	<b>CU</b>	<b>CU</b>
20X5	30,321	26,597
20X6	32,750	25,200
20X7	31,721	21,411
20X8	31,950	18,917
20X9	33,100	17,191
20X10	27,999	12,756
Value in use		<u>122,072</u>

(a) Includes estimated benefits expected from enhancing the machine's performance reflected in management budgets.

EXPOSURE DRAFT—MARCH 2024

IE61 The machine's recoverable amount (ie value in use) is higher than the machine's carrying amount and depreciated historical cost (see Schedule 4). Therefore, K reverses the impairment loss recognised for the machine at the end of 20X0 so that the machine is carried at depreciated historical cost.

Schedule 4. Calculation of the reversal of the impairment loss at the end of 20X4

	<b>Machine</b>
	<b>CU</b>
Carrying amount at the end of 20X0 (Schedule 2)	121,128
<i>End of 20X4</i>	
Depreciation charge (20X1 to 20X4—Schedule 5)	(48,452)
Costs to enhance the asset's performance	25,000
Carrying amount before reversal	<u>97,676</u>
Recoverable amount (Schedule 3)	<u>122,072</u>
Reversal of the impairment loss	<u>17,324</u>
Carrying amount after reversal	<u>115,000</u>
Carrying amount: depreciated historical cost (Schedule 5)	115,000 <sup>(a)</sup>

(a) The value in use of the machine exceeds what its carrying amount would have been at depreciated historical cost. Therefore, the reversal is limited to an amount that does not result in the carrying amount of the machine exceeding depreciated historical cost.

Schedule 5. Summary of the carrying amount of the machine

Year	Depreciated historical cost	Recoverable amount	Adjusted depreciated charge	Impairment loss	Carrying amount after impairment
	CU	CU	CU	CU	CU
20X0	150,000	121,128	0	(28,872)	121,128
20X1	135,000	nc	(12,113)	0	109,015
20X2	120,000	nc	(12,113)	0	96,902
20X3	105,000	nc	(12,113)	0	84,789
20X4	90,000		(12,113)		
enhancement	25,000		—		
	<u>115,000</u>	122,072	<u>(12,113)</u>	17,324	115,000
20X5	<u>95,833</u>	nc	<u>(19,167)</u>	0	95,833

nc = not calculated as there is no indication that the impairment loss may have increased/decreased.

...

## Example 9 Disclosures about cash-generating units with goodwill or intangible assets with indefinite useful lives

---

...

### Background

IE80 Entity M is a multinational manufacturing firm that uses geographical segments for reporting segment information. M's three reportable segments are Europe, North America and Asia. Goodwill has been allocated for impairment testing purposes to three individual cash-generating units—two in Europe (units A and B) and one in North America (unit C)—and to one group of cash-generating units (comprising operation XYZ) in Asia. Units A, B and C and operation XYZ each represent the lowest level within M at which the business associated with the goodwill is monitored for internal management purposes.

...

IE89 M includes the following disclosure in the notes to its financial statements for the year ending 31 December 20X3.

#### *Impairment Tests for Goodwill and Intangible Assets with Indefinite Lives*

Goodwill has been allocated for impairment testing purposes to three individual cash-generating units—two in Europe (units A and B) and one in North America (unit C)—and to one group of cash-generating units (comprising operation XYZ) in Asia. The carrying amount of goodwill allocated to unit C and operation XYZ is significant in comparison with the total carrying amount of goodwill, but the carrying amount of goodwill allocated to each of units A and B is not. Nevertheless, the recoverable amounts of units A and B are based on some of the same key assumptions, and the aggregate carrying amount of goodwill allocated to those units is significant.

#### *Operation XYZ*

The recoverable amount of operation XYZ has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 8.4 per cent (post-tax). Cash flows beyond that five-year period have been extrapolated using a steady 6.3 per cent growth rate. This growth rate does not exceed the long-term average growth rate for the market in which XYZ operates. Management believes that any reasonably possible change in the key assumptions on which XYZ's recoverable amount is based would *not* cause XYZ's carrying amount to exceed its recoverable amount.

#### *Unit C*

The recoverable amount of unit C has also been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 9.2 per cent (post-tax). C's cash flows beyond the five-year period are extrapolated using a steady 12 per cent growth rate. This growth

rate exceeds by 4 percentage points the long-term average growth rate for the market in which C operates. However, C benefits from the protection of a 10-year patent on its primary product, granted in December 20X2. Management believes that a 12 per cent growth rate is reasonable in the light of that patent. Management also believes that any reasonably possible change in the key assumptions on which C's recoverable amount is based would *not* cause C's carrying amount to exceed its recoverable amount.

*Units A and B*

The recoverable amounts of units A and B have been determined on the basis of value in use calculations. Those units produce complementary products, and their recoverable amounts are based on some of the same key assumptions. Both value in use calculations use cash flow projections based on financial budgets approved by management covering a four-year period, and a discount rate of 7.9 per cent (~~post-tax~~). Both sets of cash flows beyond the four-year period are extrapolated using a steady 5 per cent growth rate. This growth rate does not exceed the long-term average growth rate for the market in which A and B operate. Cash flow projections during the budget period for both A and B are also based on the same expected gross margins during the budget period and the same raw materials price inflation during the budget period. Management believes that any reasonably possible change in any of these key assumptions would *not* cause the aggregate carrying amount of A and B to exceed the aggregate recoverable amount of those units.



# IFRS<sup>®</sup>

Foundation

Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD, UK

Tel **+44 (0) 20 7246 6410**

Email **customerservices@ifrs.org**

**[ifrs.org](http://ifrs.org)**