



23 March 2020

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON IASB DISCUSSION PAPER DP/2020/1
Business Combinations–Disclosures, Goodwill and Impairment

Comments to be received by 7 August 2020

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Discussion Paper DP/2020/1. The Discussion Paper is available on the Institute's website:
<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>.

Business combinations are often large transactions for the companies involved, and play a central role in the global economy. IFRS 3 *Business Combinations* specifies how companies must account for these transactions. To respond to concerns raised by stakeholders on its Post-Implementation Review (PIR) of IFRS 3, the International Accounting Standards Board (IASB) has published a Discussion Paper on possible improvements to the information companies report about acquisitions of businesses and to the accounting for goodwill arising from such transactions.

In particular, the Board is seeking comments on whether:

- its suggested disclosure requirements for acquisitions would provide useful information and are feasible;
- stakeholders have new evidence or new arguments on how companies should account for goodwill; and
- other related topics, for example simplifications to the impairment test.

The Discussion Paper summarises the IASB's preliminary views on these topics. After considering feedback, the IASB will decide how to move forward with the project. If the IASB decides to amend IFRS Standards, it will publish an Exposure Draft.

The FRSC invites your comments on the Discussion Paper by **7 August 2020** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.