



15 March 2024

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

INVITATION TO COMMENT ON THE IASB EXPOSURE DRAFT
Business Combinations—Disclosures, Goodwill and Impairment
Proposed amendments to IFRS 3 and IAS 36

Comments to be received by 3 June 2024

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the International Accounting Standards Board (IASB) Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment*. The Exposure draft, together with a snapshot and a short video providing a high-level summary of the proposals, is available on the Institute's website:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/fred>

The proposals in the Exposure Draft respond to stakeholder feedback that reporting on acquisitions poses difficulties for both investors and companies:

- Investors lack sufficient and timely information about acquisitions and post-acquisition performance.
- Companies seek to provide useful information to investors but see risks and costs in providing some information, particularly commercially sensitive information that could be used by competitors.

Stakeholders have also expressed concern about the effectiveness and complexity of the impairment test for operations which have been allocated goodwill.

The IASB is proposing amendments to IFRS 3 *Business Combinations*. The proposed amendments would require companies to report the objectives and related performance targets of their most important acquisitions and to provide information about the expected synergies for all material acquisitions. However, companies would not be required to disclose information that could compromise their acquisition objectives.

The IASB also proposes related amendments to IAS 36 *Impairment of Assets* to make targeted improvements to the impairment test.

The FRSC invites your comments on the Exposure Draft by **3 June 2024** 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:

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Fax number (+852) 2865 6603
E-mail: commentletters@hkicpa.org.hk

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