

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Business Combinations: Disclosures, Goodwill and Impairment Cover Note

Objective

- 1 The objectives of the session are to:
 - (a) consider the feedback received in response to EFRAG's draft comment letter Discussion Paper 2020/1 *Business Combinations—Disclosures, Goodwill and Impairment* on 19 March 2020 (the 'DP') and
 - (b) discuss and recommend to the EFRAG Board a final comment letter on the DP.

Background

- 2 The objective of the DP is to explore whether companies can, at a reasonable cost, provide investors with more useful information about the acquisitions those companies make. Topics considered include disclosures about acquisitions, subsequent accounting for goodwill and inclusion of some intangibles as part of goodwill.
- 3 On 29 May 2020, EFRAG published its draft comment letter in response to the DP and supported the objective to explore whether companies can, at a reasonable cost, provide investors with more useful information about their acquisitions.

Outreach activities on the DP

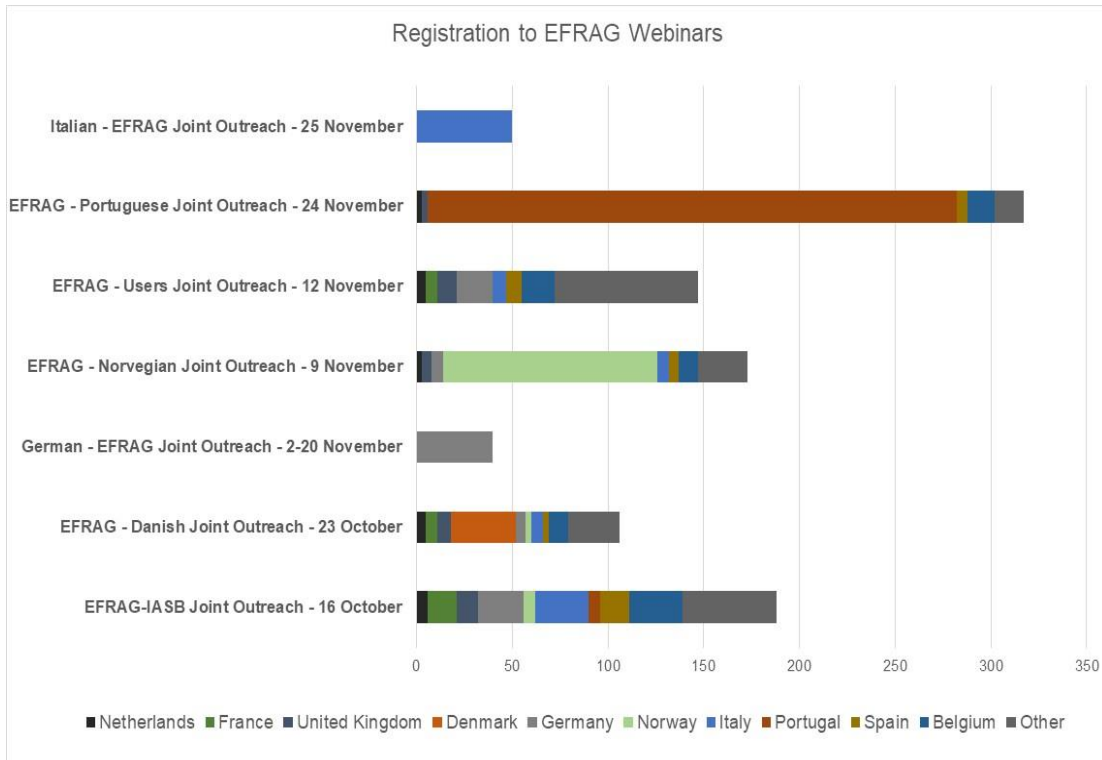
- 4 EFRAG has engaged in various outreach activities to ensure getting responses from as wide a range of constituents as possible. Activities concluded include the following:
 - a) Field test with four preparers (conducted by the IASB with the EFRAG Secretariat as observers);
 - b) Results of 30 surveys completed by preparers;
 - c) Interviews with 14 preparers as an alternative or in addition to filling out the surveys issued by EFRAG;
 - d) Feedback from members of EFRAG Working Groups: EFRAG API, User Panel, EFRAG FIWG, EFRAG IAWG and CFSS;
 - e) Presentations at closed meetings with national standard setters or with industry or user organisations including:
 - (i) Accountancy Europe;
 - (ii) The Corporate Reporting Users' Forum (CRUF);
 - (iii) French Standard Setter (ANC);
 - (iv) European Federation of Financial Analysts Societies;

BCDGI – Cover Note

- (v) European Pharmaceutical Companies;
 - (vi) The Institute of Spanish Analysts (IEAF);
 - (vii) 18th Annual International Financial Reporting & Compliance Summit (Financial Institutions).
- f) In addition, eight webinars with a total of around 700 live participants (approximately 1,000 registered participants) were held jointly with the IASB and a variety of standard setters and organisations.

Date	Event	Live Participants
16 October	<i>Improving information regarding business combinations and subsequent accounting for goodwill – Which Way to Go?</i> Jointly hosted by EFRAG and the IASB	127
23 October	<i>Joint outreach event on Business Combinations: Disclosures, Goodwill and Impairment</i> Jointly hosted by EFRAG, the IASB and FSR – Danish Auditors & DI Confederation of Danish Industry	68
2 November	<i>Joint outreach event on Business Combinations: Disclosures, Goodwill and Impairment</i> Jointly hosted by EFRAG, the ASCG and the IASB	20
9 November	<i>Changes to the accounting for Business Combinations: Disclosures, Goodwill and Impairment: Reflections from Norway.</i> Jointly hosted by EFRAG, the NASB, the NFF and the IASB	110
12 November	<i>What are the views of users? Business Combinations: Disclosures, Goodwill and Impairment</i> Jointly hosted by EFRAG, EFFAS, ABAF/BVFA and the IASB.	76
20 November	<i>Joint outreach event on Business Combinations: Disclosures, Goodwill and Impairment</i> Jointly hosted by EFRAG, the ASCG and the IASB	20
24 November	<i>Changes to the accounting for Business Combinations: Disclosures, Goodwill and Impairment: Perspectives from Portugal</i> Jointly hosted by EFRAG, OROC, the OCC, the CNC and the IASB.	224
25 November	<i>Business Combinations: Disclosures, Goodwill and Impairment</i> Jointly hosted by EFRAG, the OIC and the IASB.	50

Two of the webinars were held in German and one in Italian. The geographical coverage of the registered participants to the webinars is presented below based on registered participants:



Agenda Papers

- 5 In addition to this cover note, agenda papers for this session are:
- Agenda paper 01-02 BCDGI – Issues paper updating feedback received during outreach activities relating to DCL on DP – EFRAG TEG 20-12-16 (this is an updated version of the document previously presented to EFRAG TEG);
 - Agenda paper 01-02A BCDGI – Issues paper updating feedback received during outreach activities relating to DCL on DP – EFRAG TEG 20-12-16 (Tracked changes from the previous EFRAG TEG meeting).
 - Agenda paper 01-03 BCDGI – Issues paper analysing comment letters received – EFRAG TEG 20-12-16;
 - Agenda paper 01-04 BCDGI – Issues paper on suggested changes to EFRAG’s DCL- EFRAG TEG 20-12-16;
 - Agenda paper 01-05 BCDGI – Proposed final comment letter (clean); Agenda paper 01-05 BCDGI – Proposed final comment letter (clean) – EFRAG TEG 20-12-16;
 - Agenda paper 01-06 BCDGI – Proposed final comment letter – tracked changes from draft comment letter – EFRAG TEG 20-12-16; and
 - Agenda paper 01-07 *Business Combinations: Disclosure, Goodwill and Impairment – perspectives from Portugal*. Webinar, 24 November 2020 is provided as background paper.
- 6 The following summary reports have been provided to EFRAG TEG previously and therefore only links to these reports are provided:
- [Improving information regarding Business Combinations and subsequent accounting for goodwill – which way to go?](#) Webinar, 16 October 2020;

- (b) [Business Combinations: Disclosure, Goodwill and Impairment](#). Webinar, 23 October 2020;
 - (c) [Changes to the accounting for Business Combinations: Disclosures Goodwill and Impairment: Reflections from Norway](#). Webinar, 9 November 2020; and
 - (d) [What are the views of users? Business Combinations: Disclosures, Goodwill and Impairment](#). Webinar, 12 November 2020.
- 7 For further information on the results from the survey and interviews, please see [Agenda paper 04-05](#) of the 3 December 2020 meeting.