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Goodwill and Impairment

Disclosures on objectives, subsequent performance and expected synergies from a business combination

Objective

- 1 The IASB issued the Discussion paper [Business Combinations – Disclosures, Goodwill and Impairment](#) ("the DP") in March 2020 with a comment period that ended on 31 December 2020.
- 2 This paper discusses the IASB's tentative decisions on the DP proposed disclosure objectives, disclosure on subsequent performance and expected synergies from a business combination and asks for EFRAG FRB members' views and comments on these decisions.
- 3 In September 2022 the IASB tentatively decided to proceed with an amended version of its preliminary views on the package of disclosure requirements about business combinations and:
 - (a) require some of the information for only a subset of business combinations ('strategically important'); and
 - (b) exempt entities from disclosing some information in specific circumstances.

Structure of this paper

- 4 This paper is structured as follows:
 - (a) DP proposed disclosures
 - (b) Feedback on the proposals
 - (c) Addressing the feedback
 - (d) IASB tentative decisions on disclosures
 - (e) EFRAG FR TEG discussion on the IASB tentative decisions.

DP proposed disclosures

- 5 The IASB proposed the following disclosures in the DP ¹:
 - (a) **Additional disclosure objectives** – include additional disclosure objectives to IFRS 3 *Business Combinations* that would require entities to disclose information that would help users understand:

¹ The DP contained other preliminary views about the disclosure requirements on business combinations but they are not the focus of this discussion.

- (i) the benefits an entity expected from a business combination when agreeing the price to acquire that business; and
 - (ii) the extent to which management's objectives are being met.
- (b) **Disclosure about subsequent performance of business combinations**
- (i) in the year of a business combination, entities disclose the strategic rationale, objectives for that business combination, the metrics and targets management plan to use to monitor achievement of those objectives; and
 - (ii) in subsequent years post-acquisition, entities disclose management's review of the entity's performance against those objectives (actual performance).

This preliminary view builds on the requirement in paragraph B64(d) of IFRS 3² and is based on the information reviewed by the Chief Operating Decision Maker (CODM) to identify the population of business combinations being monitored.

- (c) **Disclosure about expected synergies** – require entities to disclose, in the year of a business combination, quantitative information about the synergies expected as a result of the business combination.

This preliminary view is relevant only in the year of acquisition and builds on the requirement in paragraph B64(e) of IFRS 3³. The information under this preliminary view is not linked to the information reviewed by the CODM.

Feedback on the proposals

Users

- 6 Users noted that they wanted to know whether management's objectives for an acquisition were being met. This information would help them assess management's ability to realise the expected benefits from an acquisition and assess whether an acquisition's subsequent performance indicates that management paid a reasonable price for the acquired business. Information about whether management's objectives are being met would allow investors to assess performance and more effectively hold management to account for its decision to acquire the business. Hence, investors would use the information to assess management's stewardship of the company's economic resources.
- 7 Additional outreach conducted by the EFRAG Secretariat in 2022 confirmed the above. Furthermore, users informed that they would like to have all this information at one place, preferably in the financial statements. It can be less detailed than in the prospectus, but preferably standardised.

Preparers

- 8 The feedback (including from the additional outreach performed by the IASB staff) highlighted the following concerns from the preparers side:
- (a) **commercial sensitivity** – that disclosure could contain sensitive information that, if disclosed, could harm the entity;

² Paragraph B64(d) of IFRS 3 requires an entity to provide the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree.

³ Paragraph B64(e) of IFRS 3 requires a qualitative description of the factors that make up 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.

- (b) **forward-looking information** – that disclosure could contain information about the future that, if disclosed, could increase litigation risk;
- (c) **integration** – an entity may not be able to disclose information that is representative of the performance of a business combination if the acquired business is integrated into the entity’s existing operations; and
- (d) **auditability** – some information that would be required by the preliminary views may be costly, or difficult, to audit.

Addressing the feedback

- 9 In April 2022 the IASB discussed two alternatives proposed by the IASB staff aiming to reduce the preparers’ concerns expressed above in paragraph 8 by either:
- (a) reducing the **population of business combinations** for which information would be disclosed, for example by applying the disclosure requirements to significant business combinations only or by introducing quantitative or qualitative threshold; or
 - (b) reducing the amount of information to be disclosed for each affected business combination by providing **an exemption** in particular circumstances.

EFRAG FR TEG and EFRAG Working Group discussions on the alternatives

- 10 EFRAG FR TEG discussed the above alternatives at its meeting in May 2022. These alternatives were also discussed with EFRAG FR CFSS (June 2022), EFRAG Academic Panel (June 2022), EFRAG FIWG (June 2022) and EFRAG IAWG (June 2022). The following comments were made during the various discussions:
- (a) There were mixed views on the commercial sensitivity of the proposed disclosures, some considering it to be one of the main issues, while others referring to the existing similar confidential-type disclosures already required under current IFRS Standards.
 - (b) It was noted that the subject of the IASB proposals was different to the issues to which IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* applies and it was pointed out the difference in timing. For example, IAS 37 refers, to a restructuring provision, the restructuring is already announced and is known, whereas the proposed disclosure requirements in the DP relate to the expected restructuring. This information may be commercially sensitive and in conflict with certain legal regulations.
 - (c) Some supported an alternative that could reduce the population of business combinations for which the information was provided and link the required disclosure to information that is monitored by management.
 - (d) Several considered that reducing the population for which information would be required based on a threshold (quantitative or qualitative) or a set of criteria would be difficult. There was also a question of how to define the subset in view that current materiality requirements would already take that into account.
 - (e) Some did not support an exemption on the basis that companies could use the exemption to avoid providing the information (and this would not be a solution). Companies might also try to apply the exemption by analogy to other situations in other IFRS Standards to avoid compliance. Furthermore, from auditors’ perspective an exemption might lead to a lot of difficult discussions. Some said that the exemption could include a sort of “rebuttable assumption” similar to the concept introduced by the sustainability reporting.

- (f) One Academic Panel member noted that research highlighted the fact that some companies are not complying with the current disclosure requirements of IFRS 3. The concern for commercial sensitivity is linked to the information already required by IFRS 3 and other IFRS Standards if it is followed correctly. So, perhaps asking for more disclosure and information is not the right way to address the issue but finding a way to guide entities to be fully compliant with the current requirements could be more effective.
- (g) There was a suggestion to integrate the subsequent disclosure requirements discussed in the DP with the current disclosure requirements on the impairment test under IAS 36 *Impairment of Assets*.

EFRAG FRB discussions on the alternatives in July 2022

- 11 In July 2022, the EFRAG FRB received an update on the status of the IASB project and discussed the IASB staff alternative solutions in paragraph 9.
- (a) In general, EFRAG FRB members welcomed the direction of the project but noted that disclosures might be influenced by the IASB decision to introduce or not the amortisation of goodwill. However, members acknowledged that the information about the subsequent performance of an acquired business would be required irrespective of whether goodwill will be amortised.
 - (b) Members expressed mixed views on the two alternatives proposed by the IASB staff, some noting the high level of uncertainty of information about synergies and suggesting that comply or explain approach with a reference to the documents outside the financial statements might be a solution.
 - (c) Other members highlighted difficulties with defining a population of business combinations and suggested the IASB to consult further with analysts on the possible qualitative criteria to use (e.g., new business, high risk, etc). It was also suggested to develop an approach taken by CSRD in this area.
- 12 One member expressed concern that the IASB proposals would ring fence too much the principle of the materiality and noted that exemption in IAS 37 referring to commercial sensitivity was not applied frequently.

IASB tentative decisions on disclosures

- 13 In September 2022, the IASB considered whether information (on objectives, subsequent performance and synergies) should be disclosed for only a subset of business combinations and whether some of this information should be exempt from being as disclosed in certain circumstances.
- 14 The IASB tentative decisions on disclosure requirements can be summarised as follows:

Improvements to existing IFRS 3 disclosure requirements

- (a) adding the disclosure objectives described in the DP to IFRS 3;
- (b) adding to IFRS 3 a requirement for an entity to disclose in the year of a business combination quantitative information about expected synergies; and
- (c) providing an exemption from disclosing that information in specific circumstances.

Disclosure on the subsequent performance of business combinations

- (a) replacing the requirement in IFRS 3 for an entity to disclose the 'primary reasons for the business combination' in paragraph B64(d) of IFRS 3 with a requirement to disclose the 'strategic rationale for undertaking the business combination';

- (b) adding to IFRS 3 a requirement for an entity to disclose, for ‘strategically important’ business combinations, (i) information about management’s objectives for a business combination and the metrics and targets management will use to monitor whether the objectives for the business combination are being met and (ii) actual performance in subsequent periods; and
- (c) providing an exemption in specific circumstances that would permit an entity not to disclose information about management’s objectives for a business combination and the metrics and targets management will use to monitor whether the objectives for the business combination are being met.
- 15 The table below (an extract from IASB [agenda paper 18 B](#) in September 2022) provides an overview of these IASB tentative decisions.

Information	Continue with this preliminary view?	Apply to only a subset?	Include an exemption?
<i>Additional disclosure objectives</i>	Yes	N/A	N/A
<i>Subsequent performance information:</i>			
• Strategic rationale	Yes	No	No
• Objective	Yes	Yes	Yes
• Metric	Yes	Yes	Yes
• Target	Yes	Yes	Yes
• Actual performance in subsequent years	Yes	Yes	No
<i>Quantitative information about expected synergies in year of acquisition</i>	Yes	No	Yes

- 16 The paragraphs below discuss each tentative decisions in more detail.

Disclosure objectives

- 17 The IASB tentatively decided to **continue** with its preliminary views in the DP and propose to add two new disclosure objectives to IFRS 3 that would require an entity to disclose information to help users of financial statements understand:
- (a) the benefits that an entity expected from a business combination when agreeing the price to acquire a business; and
- (b) the extent to which an entity’s objectives for a business combination are being met.

- 18 The IASB noted that paragraph 59 and 61 of IFRS 3 already contain disclosure objectives for IFRS 3. Feedback from the post-implementation review highlighted that entities often apply the disclosure requirements mostly as a checklist and that the resulting outcome can be “boilerplate” information which users find insufficient to help them understand a business combination and its subsequent performance and specifically whether management’s expected objectives from the business combination are being met. The two additional disclosure objectives in paragraph 17 are intended to respond to these user concerns.
- 19 Paragraph 59 of IFRS 3 states that 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.
- 20 Paragraph 61 of IFRS 3 states that 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.

Quantitative information about expected synergies in the year of acquisition

- 21 The IASB’s preliminary views in the DP is that it should require an entity to disclose, in the year in which a business combination occurs:
- (a) a description of synergies expected from combining the operations of the acquired business with the entity’s business;
 - (b) when the synergies are expected to be realised;
 - (c) the estimated amount or range of amounts of those synergies; and
 - (d) the estimated cost or range of costs to achieve those synergies.
- 22 At its meeting in September 2022, the IASB decided to continue with its preliminary view, **but exempt companies** from providing quantitative information about expected synergies in the year of acquisition in some circumstances. The exemption is discussed in paragraphs 44 to **Error! Reference source not found.** below.
- 23 The IASB staff saw some merits in disclosing only qualitative information (in all cases) as this would help address concerns about commercial sensitivity and litigation risk that may arise from disclosing what some think to be forward-looking information. However, in the IASB staff view having only qualitative information would not address the concerns of users that said that without quantitative information about the targets for the business combination and expected synergies they would be unable to:
- (a) assess whether the price management paid for a business combination was reasonable, which is one of the disclosure objectives the IASB; and
 - (b) understand the context for the disclosure of actual performance in subsequent periods.
- 24 For the above reasons, the IASB agreed with the IASB staff recommendation to require entities to disclose the information but providing an exemption from disclosing that information in specific circumstances.
- (a) This could better respond to user requests and practical concerns.
 - (b) Exempting entities from disclosing information in particular circumstances could more effectively address situations in which the cost of providing information would exceed the benefits of doing so. It would also preserve as

much information as possible in situations in which entities do not have significant practical concerns about providing that information.

Strategic rationale

- 25 The IASB tentatively decided to propose replacing the requirement for an entity to disclose the ‘primary reasons for the business combination’ in paragraph B64(d) of IFRS 3 with a requirement to disclose the ‘**strategic rationale for undertaking the business combination**’. This information would be required for all business combinations and no exemption would be provided.
- 26 While some respondents to the IASB said information about strategic rationale of a business combination may contain commercially sensitive information, most preparers said they are willing to provide such information in their financial statements. Most said that they often already provide this information in other published materials, for example, press releases at the time of the business combination. This type of information is useful for users of financial statements. The IASB staff research on what entities disclose about business combinations confirmed this.
- 27 Currently IFRS 3 does not exempt an entity from disclosing the ‘primary reasons for the business combination’ and the IASB staff observed that they did not hear feedback suggesting this information is so commercially sensitive that an exemption from disclosing it is needed. The IASB staff expect an entity’s primary reason for a business combination to be similar to its strategic rationale for undertaking the business combination, with the latter simply providing a closer link to the entity’s overall business strategy and management’s objectives for the business combination.
- 28 Furthermore, feedback received from the IASB meetings with CMAC and GDF in June 2022 indicated that some members agreed that an entity should disclose some level of qualitative information for all business combinations and that an entity should disclose the strategic rationale for all business combinations.
- 29 For the above reasons, the IASB did not consider it necessary to disclose information on strategic rationale only for a subset or provide an exemption for such information.

Objective, metric, targets and actual performance

- 30 The IASB tentatively decided to propose adding to IFRS 3 a requirement for an entity to disclose, for **a subset** which is considered ‘**strategically important business combinations**, information about:
 - (a) management’s objectives for the business combination;
 - (b) the metrics and targets management will use to monitor whether those objectives are being met; and
 - (c) in subsequent periods, the extent to which management’s objectives are being met, using those metrics, for as long as management monitors the business combination against its objectives (actual performance).
- 31 The IASB also tentatively decided that an **entity will be exempt** from providing the information in 30(a) and 30(b) in certain circumstances.
- 32 Determining ‘strategically important’ and applying the exemption is discussed in more detail in the paragraphs below.

“Strategically important” business combinations

- 33 The IASB tentatively decided that a ‘strategically important’ business combination would be a business combination for which not meeting the objectives would seriously put at risk the entity achieving its overall business strategy.
- 34 To identify such business combinations, the IASB proposed using a **closed list of thresholds** - a business combination that meets **any one of those thresholds** would be ‘strategically important’. The thresholds would be:
- (a) Quantitative—that is, a business combination in which:
 - (i) the acquiree’s operating profit (to be defined by the IASB’s Primary Financial Statements project) exceeds 10% of the acquirer’s operating profit, for the acquirer’s most recent annual reporting period ending before the business combination was completed;
 - (ii) the acquiree’s revenue exceeds 10% of the acquirer’s revenue for the acquirer’s most recent annual reporting period ending before the business combination was completed; or
 - (iii) the amounts recognised as of the acquisition date for all assets acquired (including goodwill) exceed 10% of the carrying value of the assets recognised on the acquirer’s balance sheet as at the acquirer’s most recent reporting period date before the business combination.
 - (b) Qualitative—that is a business combination that results in an entity entering a new geographical area of operations or a new major line of business.

Open versus a closed list of thresholds

- 35 In reaching its tentative decision, the IASB considered whether the criteria to determine ‘strategically important’ should be based on either an open list of thresholds or a closed list.

Open list of factors

- 36 This approach would require the IASB to describe in IFRS 3 the type of business combinations the subset is intended to capture – that is, ‘strategically important’ business combinations – and to supplement that description with an open list of factors an entity would need to consider when making the assessment. For example, whether the business combination will result in the entity operating in a new geographic location or a separate major line of business.
- 37 This approach would be similar to the requirements in IAS 21 *The Effects of Changes in Foreign Exchange Rates*, that define what functional currency is and provide a list of factors an entity needs to consider when assessing its functional currency.
- 38 The IASB agreed with the IASB staff that would be difficult to devise an open list of factors given the level of judgement involved and may also be difficult to enforce. Such an approach could create tension among auditors, preparers and regulators and may not be as effective as a closed list approach in capturing applicable business combinations, leading to greater cost for preparers.

Closed list of factors

- 39 This approach would require the IASB to specify what constitutes a ‘strategically important’ business combination and an entity would be required to disclose the information described in the preliminary views if the business combination meets at least one of the prescribed thresholds.
- 40 This approach could be similar to IFRS 8 *Operating Segments* requires an entity to report separately information about an operating segment if specified quantitative thresholds are met.

- 41 The thresholds could be either quantitative or qualitative. Quantitative thresholds are used by regulators in various jurisdictions to determine when entities need to disclose certain information. Such thresholds are typically on primary financial statement measures such as gross assets and profit. To those measures regulators use percentages ranging from 5% to 30%. The IASB could build on the thresholds and percentages used by regulators in determining when a business combination is ‘strategically important’.
- 42 Quantitative thresholds to determine a subset were discussed with ASAF members at the ASAF meeting in July 2022. ASAF members provided mixed views on which percentage would capture the right balance of business combinations. For example, one ASAF member noted that a threshold at 5% would result in entities disclosing information for too many business combinations. Another ASAF member suggested requiring the information only for business combinations that increase an entity’s assets by more than 10% or total revenue by more than 5%.
- 43 Based on the feedback received and regulatory requirements already in place, the IASB staff concluded that 10% would be a reasonable compromise. The IASB agreed with the IASB staff recommendation. At this stage, the IASB staff have not tested the effects of this proposal (and now the tentative decision). Based on discussions with the IASB staff, field testing would be considered once the Primary Financial Statements project is more advanced and a definition of “operating profit” is known.

Exemption from disclosing information

- 44 The IASB tentatively decided to **propose an exemption** in specific circumstances that would permit an entity not to disclose information about:
- (a) management’s objectives for a business combination;
 - (b) the metrics and targets management will use to monitor whether the objectives for the business combination are being met; and
 - (c) quantitative information about synergies expected to arise from the business combination.
- 45 The IASB tentatively decided to **propose no exemption** from disclosing information **about the actual performance in subsequent periods** using the metrics management uses to monitor whether the objectives for the business combination are being met. The actual mechanics of this tentative decision and how it may be applied in practice, given the exemption on information on the metrics, will be presented by the IASB staff at a future meeting.
- 46 The IASB staff consider that in addition to information about actual performance, an entity would be required to disclose a statement as to whether the actual performance met the entity’s target. For example, if an entity’s key objective for a business combination is to increase revenue by CU100 million each reporting period and the entity applies the exemption not to disclose that objective. In subsequent periods, the entity will disclose the actual increase in revenue achieved for that period (say CU98 million) and whether that increase of CU98 million met the entity’s objective.

Designing the exemption

- 47 In September 2022, the IASB discussion ways to develop the exemption but did not discuss the exact wording of the application guidance that would support the exemption.
- 48 The IASB staff recommended that exemption should be designed to allow entities to not disclose a particular item of information in situations in which disclosing that item of information can be expected to prejudice seriously any of the entity’s

- objectives for the business combination. This would address the concerns of preparers on providing commercially sensitive information. It would also respond to concerns (such as litigation risk) about disclosing what some consider to be forward-looking information.
- 49 The IASB staff recommended that the exemption be supplemented with application guidance, including:
- (a) requiring an entity to:
 - (i) consider whether it is possible to disclose information at a sufficiently aggregated level that would resolve concerns while still meeting the objectives of the disclosure requirements;
 - (ii) disclose the reason for applying the exemption separately for each item of information; and
 - (iii) assess in future periods whether the circumstances leading to the application of the exemption still exist.
 - (b) specify situations in which the exemption would not be permitted, including:
 - (i) a general risk of a potential weakening of competitiveness due to disclosure is not, on its own, sufficient reason to apply the exemption;
 - (ii) the exemption should not be applied to avoid disclosing information only because that information may not be considered favourably by the market;
 - (iii) the information is disclosed in other publicly available material; or
 - (iv) if competitors are already likely to have access to the information from public or non-public documents or other sources, or would be unable to act on the information in a manner that can be expected to prejudice seriously any of the entity's objectives for the business combination.
- 50 The IASB staff consider that the exemption could be developed based on exemptions in local regulatory requirements and existing IFRS Standards.
- (a) In relation to regulatory requirements, regulators sometimes exempt an entity from providing some information that would otherwise be required by local regulatory reporting if certain conditions are met. For example, the Australian Securities & Investments Commission (ASIC) guidance and the European Banking Authority (EBA) guidance require an entity to consider the likelihood of negative consequences when deciding whether to apply the regulatory exemption. The ASIC guidance states that for an entity to apply the regulatory exemption, the unreasonable prejudice must be 'more probable than not'. The EBA guidance states that a mere possibility of negative consequence is not sufficient for the use of the permitted regulatory exemption.
 - (b) The exemption in paragraph 92 of IAS 37 permits an entity not to disclose some information if disclosure 'can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset'.
- 51 Feedback from ASAF members at the ASAF meeting in July 2022, including from some EFRAG FRB TEG and CFSS members, suggested that the exemption in IAS 37 works well. The IASB staff think that the implicit probability assessment in paragraph 92 of IAS 37 could help an entity assess when the exemption should be applied and could contribute to the feedback that this exemption works well. In developing the exemption, the IASB could develop similar wording. In other words, an entity should be allowed to not disclose a particular item of information if doing so 'can be expected to prejudice seriously' any of the entity's objectives for the business combination.

Disclosing the reason to apply the exemption

- 52 If an entity applies the exemption in paragraph 92 of IAS 37, an entity is required to disclose ‘the fact that, and reason why, the information has not been disclosed’. The IASB staff consider that it would be helpful for the exemption in IFRS 3 to include a similar requirement.
- 53 During previous IASB meetings, an IASB member suggested requiring an entity using an exemption to disclose separately the reason it is using the exemption for each item of information it would otherwise be required to disclose. This would help to prevent boiler plate disclosures, as an entity would need to carefully consider it meets the exemption conditions. For example, if an entity has 3 key objectives for a business combination, with separate corresponding metrics and targets, the entity will need to disclose the reason for applying the exemption separately for each key objective, metric and target it applies the exemption to.

Continuous assessment

- 54 There is also a question about whether there is a need for ongoing assessment of the circumstances that led an entity to apply the exemption. Some jurisdictions require that an ongoing assessment is made.
- 55 The IASB staff is proposing to develop application guidance in case there is a change in the circumstances that led to the application of the exemption. For example, if the information becomes public (and therefore no longer commercially sensitive) then the entity would no longer be able to apply the exemption and should be required to disclose the information.

EFRAG FR TEG discussions on IASB tentative decisions

- 56 EFRAG FR TEG discussed the IASB tentative decisions on disclosure at its meeting in November 2022. Members generally welcomed the direction of the IASB project and believed that the decisions taken by the IASB strike a good balance between the preparers’ concerns and users’ needs. Members appreciated the extensive work performed by the IASB to achieve this result.
- 57 One EFRAG FR TEG member suggested that the EFRAG Secretariat could plan further work or outreach activities on the proposed disclosures only when the IASB will provide the wording and further application guidance.
- 58 EFRAG FR TEG members highlighted some points of attention and provided the following comments.

Developing a subset for some subsequent performance information

- 59 One EFRAG FR TEG member highlighted the importance of further application guidance to ensure the correct application of the criteria to the subset of business combinations for which users really need subsequent performance information.
- 60 Members provided mixed views on the 10% thresholds. While some believed it was a reasonable approach, others expressed concerns that they are rule based and hence are too rigid. One member considered the 10% to be too low compared for example to EU regulation for market prospectus, where the threshold that triggers proforma information is 25%. Some members wanted to see how the thresholds would work in practice.
- 61 One EFRAG FR TEG member suggested that the only practical solution would be to use the auditors’ approach: to use the quantitative indicators that are relevant to a particular industry or entity. This would address the concept of materiality in quantitative terms.

Developing an exemption from disclosing information in some circumstances

- 62 EFRAG FR TEG members pointed out the importance of having a ‘workable’ exemption for all stakeholders (preparers, users, auditors, etc.). In this context, further application guidance with concrete examples from the IASB will be crucial.
- 63 One member expressed a preference for an exemption built on a rebuttable presumption.

Expected synergies

- 64 Some EFRAG FR TEG members highlighted that the IASB should better clarify what “expected synergies” means and develop a clear definition as entities are required to provide quantitative information on this aspect.
- 65 One member expressed concerns about the quantitative disclosures related to expected synergies as such disclosures are forward-looking and, in some circumstances, cannot be measured with a sufficient level of reliability.

Question to the EFRAG FRB members

- 66 Do you agree/have any comments on the IASB tentative decisions on disclosure on subsequent performance and expected synergies from a business combination?