# Polling questions – 9 November 2020

**OPENING AND TESTING QUESTION:**

**Question 1: What is your professional background?**

a) preparer
b) accountancy profession
c) user
d) academic
e) professional organisation
f) regulator
g) other

**TOPIC 1: DISCLOSURES**

**Question 2: Will the IASB's proposals of disclosures of management's objectives for an acquisition and subsequently about meeting those objectives provide useful information to assess management's stewardship?**

a) Yes.

b) Yes, but the cost of preparing this information would outweigh its benefits.

c) In principle yes, but due to completeness, reliability, the ability to provide the information, in practice the information in many cases will not be particularly useful.

d) No, this information would not be useful for users of financial statements as it is not linked to accounting for goodwill.

e) No (for other reasons).

**Question 3: Do you think that it is possible to disclose information on the achievement of the targets initially defined at acquisition date and of expected synergies, without triggering commercial sensitivity?**

a) No, the information that would be useful could be expected to trigger commercial sensitivity in many cases.

b) Yes, it is possible

c) Sometimes it would be possible, sometimes it would not be possible.

**Question 4: Do you agree with the IASB's proposal to present the proposed information in the notes to the financial statements?**

  a) Yes, the information is important and should be audited.

  b) No, it would be difficult and costly to audit this information and should be disclosed in the management report.

  c) No, the financial statements are not the place to include forward-looking information.

  d) There should be an option to either disclose the information in the financial statements or in the management report.

  e) This information should be disclosed neither in the financial statements nor in the management report.

**TOPIC 2: IMPROVING IMPAIRMENT TESTING**

*CAN THE GOODWILL IMPAIRMENT TEST BE IMPROVED?*

**Question 5: Could the IASB's proposals on the subsequent performance of an acquisition better help to identify triggers for a potential impairment of goodwill?**

  a) Yes, such disclosure could help in identifying triggering events.

  b) Yes, such disclosure could help in identifying triggering events, but they should not be required (e.g. for confidentiality reasons).

  c) No, that would not help, as they have been designed for another purpose and independently from the book value of goodwill.

**Question 6: Should the IASB adopt an indicator-only approach, removing the requirement to perform an annual quantitative test?**

  a) Yes, it would reduce complexity and would allow cost savings for preparers by reducing the frequency of the test without making the test significantly less robust.

  b) No, the problem of management being too optimistic could be increased as auditors or regulators have no comparison to impairment tests prepared in previous years.

  c) No, the complex test would become significantly less robust if companies do not perform an impairment test regularly, their expertise in performing the test is likely to decline. This could reduce the effectiveness of the impairment test and the confidence in its reliability.

  d) No, for both reasons given in b) and c).

*SHOULD SPECIFIC CASH FLOWS BE ALLOWED IN CALCULATING THE VALUE IN USE?*

**Question 7: Would value in use estimates improve if cash flows from future uncommitted restructurings or enhancements to asset performance are included in the estimate?**

a) Yes, the value in use will be more aligned with the fair value less costs to sell measurement and will result in less costs as the information is used for internal purposes.

b) Yes, same reasoning as under a) but additional guidance is necessary relating to the conditions to include these cash flows in order to avoid over-optimism.

c) No, this will result in over-optimism and contributes even further to the ineffectiveness of the goodwill impairment test.

**Question 8: Would value in use estimates improve if post-tax cash flows and discount rates (compared to only pre-tax inputs allowed currently)?**

a) Yes, post-tax cash flows and post-tax discount rates are available and observable leading to reduced cost of executing the value in use calculation.

b) Yes, the double counting risk from temporary differences which was the reason to introduce the requirement to use pre-tax information is still available when pre-tax information is used.

c) Yes, both a) and b) are correct.

d) No, this will result in over-optimism and contributes even further to the ineffectiveness of the goodwill impairment test.

**TOPIC 3 GOODWILL: ITS NATURE AND COMPONENTISATION, INCL. THE TOPIC SHOULD IT BE CONSIDERED TO REINTRODUCE AMORTISATION OF GOODWILL?**

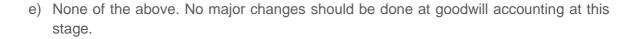**Question 9: Which of the following statements are you most identified with?**

a) Goodwill is a wasting asset with a finite useful life. To the extent that the underlying asset is consumed, the goodwill should decrease.

b) Goodwill is an accounting construct. As it does not represent a real value it should be gradually removed from the statement of financial position.

c) Goodwill is not a wasting asset, as it represents the synergies generated in an acquisition and other intangibles that are not separated. Most of them relate to the going concern assumption of the acquired business and are not consumed on a regular basis.

d) Goodwill represents a mix of elements (some of them wasting elements and some others not). The weighting of this mix depends on each single transaction.

e) None of the above. No major changes should be done at goodwill accounting at this stage.

**Question 10: Are you in favour of reintroduction of amortisation of goodwill?**

a) Yes, for conceptual reasons, as goodwill is (at least partially) a wasting asset and should reduce over time.

b) Yes, for practical reasons, because the current impairment testing model is not working, amortisation should be reintroduced in order to reduce goodwill balances and to take the pressure off the impairment test and reduce costs.

c) No, for conceptual reasons, as the impairment model reflects the character of goodwill better and delivers more useful information for the users of financial statements.

d) No, as there is no sufficient evidence that a major change is needed.