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## **Research Project: Goodwill Amortisation and Impairment Cover Note**

### **Objective of the session**

- 1 The objective of this session is to present a summary of the comment letters received to EFRAG TEG and discuss respondent's comments on EFRAG's suggestions on how to improve the goodwill impairment test.

### **Background of the project**

- 2 When responding to the Short Discussion Series Paper, *Should Goodwill still not be amortised?*, published in 2014 together with the ASBJ and the OIC, many constituents considered that impairment was a challenge in practice and that there was room to improve the guidance in IAS 36 *Impairment of Assets*.
- 3 After considering the feedback received and EFRAG's quantitative study on goodwill, *What do we really know about goodwill impairment?*, the EFRAG Board agreed that work should be continued on potential improvements to the impairment model in IAS 36.
- 4 The objective of the DP published in June 2017 was to expose potential amendments to the impairment test and gather constituents' views. Comments were requested by 31 December 2017 and EFRAG received twenty-two comment letters in response to its Discussion Paper *Goodwill Impairment Test: Can it be improved?* ('the DP') issued in June 2017.
- 5 EFRAG will now issue a feedback statement which describes the main opinions and suggestions expressed by respondents in their comment letters.

### **Questions for EFRAG TEG members**

- 6 Do you have any comments on feedback received about the allocation of goodwill to cash-generating units?
- 7 Do you have any comments on the feedback received about the introduction of an initial qualitative assessment ('Step Zero')?
- 8 Do you have any comments on feedback received on improving guidance on the calculation of the value in use?
- 9 Do you have any comments on the feedback received about on goodwill accretion as a way to target internally generated goodwill?

### **Agenda Papers**

- 10 In addition to this cover note, agenda paper *07-02 Feedback Statement on EFRAG DP Goodwill Impairment Test* has been provided for the session.