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Goodwill and Impairment - Project Update

Cover note

Objective

- 1 The objective of this session is to provide a project update on the IASB project on Goodwill and Impairment. Specially, this session aims to:
 - (a) Discuss the IASB's tentative decisions in September 2022 on the proposed disclosure objectives, disclosure on subsequent performance and expected synergies from a business combination and ask EFRAG FR TEG's views and comments on these decisions.
 - (b) Provide a verbal update on the IASB discussion at its meeting in October 2022 on possible ways on the subsequent accounting for goodwill. (No decisions were taken at this IASB meeting).
 - (c) Inform on next steps.

The IASB next steps

- 2 At its meeting in October 2022, the IASB started discussions on the subsequent accounting for goodwill and outline possible ways forward. No decisions were made at that meeting.
- 3 In November 2022, the IASB plan to tentatively decide on whether to proceed with the preliminary view to retain the impairment only model to account for goodwill or to explore reintroducing amortisation of goodwill.
- 4 Still in Q4 the IASB plan to discuss whether to move the project from the research phase to the standard-setting phase.
- 5 After these tentative decisions the IASB staff will ask the IASB to tentatively decide on other aspects of the project, such as improving the effectiveness of and simplifying the impairment test in IAS 36, other aspects of the package of disclosure requirements and the recognition of intangible assets acquired in a business combination.
- 6 Once the IASB has made tentative decisions on all aspects of the project, the IASB staff will ask the IASB whether the package as a whole meets the project objective.

EFRAG next steps

- 7 The EFRAG project team will provide a project update to EFRAG FR TEG at its meeting in December 2022 and again in January 2023 on the IASB discussions in October 2022 on the subsequent measurement of goodwill and any decisions the IASB will take at its meetings in November 2022 and December 2022.

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- 8 At this stage the EFRAG project team do not plan any further work or outreach activities until further developments on the IASB side.
- 9 The EFRAG project team will provide a project update to the EFRAG FRB in December 2022.

Question to the EFRAG FR TEG members

- 10 Do you have any comments on the next steps (IASB and EFRAG)?