

PRESS RELEASE

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For immediate release

IASB completes Post-implementation Review of *Business Combinations* Standard

The International Accounting Standards Board (IASB) today announced the completion of its Post-implementation Review of IFRS 3 *Business Combinations*. It shows general support for the accounting requirements in the Standard but identifies some areas where further research will be undertaken, including accounting for goodwill.

The IASB conducts post-implementation reviews of its new Standards and major amendments two years after they become effective. The purpose of the review is to consider whether the new Standard is functioning as anticipated, has achieved its objectives and has improved financial reporting. Any issues identified by the review that require further action are subject to the normal processes and criteria for being added to the IASB's agenda.

The scope of this review covered the whole Business Combinations project, including resulting consequential amendments to other Standards, such as IAS 36 *Impairment of Assets*.

The IASB based its review on information gathered from three main sources: a review of academic literature and other reports, feedback received from investors and other users of financial statements, and feedback received from preparers, auditors and regulators. Over 60 outreach meetings were organised with stakeholders around the world.

The review of academic literature provides evidence that generally supports the business combinations accounting requirements of IFRS 3 and related Standards, particularly in relation to the usefulness of reported goodwill, other intangible assets and goodwill impairment. However, investors expressed mixed views on aspects of the current accounting for goodwill, with some preferring a return to periodic amortisation of goodwill.

Many preparers, auditors and regulators identified implementation challenges in the requirements, in particular applying the definition of a business, measuring the fair value of contingent consideration, contingent liabilities and intangible assets, and testing goodwill for impairment on an annual basis.

Taking into account all of the evidence collected through this post-implementation review, in February 2015, the IASB added two projects to its research agenda to explore further the key findings. These projects will focus on the following issues:

- (a) the effectiveness and complexity of testing goodwill for impairment;
- (b) the subsequent accounting for goodwill;
- (c) challenges in applying the definition of a business; and
- (d) identification and fair value measurement of intangible assets such as customer relationships and brand names.

Download the [Report and Feedback Statement of the review of IFRS 3 *Business Combinations*](#)

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Notes to editors:

- IFRS 3 is a converged Standard with US Generally Accepted Accounting Principles (US GAAP). The IASB will seek to co-ordinate its work with that of the US national standard-setter, the Financial Accounting Standards Board (FASB) in order to maintain existing levels of convergence.
- Further information on IFRS 3 *Business Combinations* can be found [here](#). Further information on the IASB's Research Projects can be found [here](#)
- Information on the IASB's Post-implementation Review (PIR) process can be found [here](#).

About the IFRS Foundation, IASB and IFRS

The IFRS Foundation is an independent, not-for-profit organisation, overseen by a Monitoring Board of public authorities. Its vision of a single set of global accounting standards is supported by G20 leaders and other international organisations with responsibility for the global financial system.

The mission of the IFRS Foundation is to develop International Financial Reporting Standards (IFRS Standards) that bring transparency, accountability and efficiency to financial markets around the world, fostering trust, growth and long-term financial stability. The International Accounting Standards Board (IASB) is the standard-setting body of the IFRS Foundation, made up of independent experts from diverse professional and geographical backgrounds. IFRS is adopted by more than 100 countries globally.

For detailed information on the organisation's structure, the standard-setting process and the spread of IFRS Standards globally, visit www.ifrs.org.