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**(By online submission)**

Dear Andreas

**RESPONSE TO EXPOSURE DRAFT ON BUSINESS COMBINATIONS—  
DISCLOSURES, GOODWILL AND IMPAIRMENT**

The Singapore Accounting Standards Committee (ASC), under the Accounting and Corporate Regulatory Authority (ACRA), welcomes the opportunity to comment on the Exposure Draft on *Business Combinations—Disclosures, Goodwill and Impairment (Proposed amendments to IFRS 3 and IAS 36)* (the ED) issued by the International Accounting Standards Board (the IASB) in March 2024.

We commend the IASB's efforts to enhance the transparency and relevance of financial reporting for business combinations, and the proposed amendments to IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets* to address concerns raised by stakeholders regarding the adequacy of disclosures about business combinations and the effectiveness of goodwill impairment testing. We believe that the proposed changes have the potential to benefit users of financial statements (users) by providing them with more relevant and timely information to assess the performance and impact of strategic business combinations.

We are generally supportive of the proposals set out in the ED but have specific comments on certain aspects. Our comments are as follows:

**Question 1—Disclosures: Performance of a business combination (proposed paragraphs B67A–B67G of IFRS 3)**

In the PIR of IFRS 3 and in responses to the Discussion Paper the IASB heard that:

- users need better information about business combinations to help them assess whether the price an entity paid for a business combination is reasonable and how the business combination performed after acquisition. In particular, users said they need information to help them assess the performance of a business combination against the targets the entity set at the time the business combination occurred (see paragraphs BC18–BC21).
- preparers of financial statements are concerned about the cost of disclosing that information. In particular, preparers said the information would be so commercially sensitive that its disclosure in financial statements should not be required and disclosing this information could expose an entity to increased litigation risk (see paragraph BC22).

Having considered this feedback, the IASB is proposing changes to the disclosure requirements in IFRS 3 that, in its view, appropriately balance the benefits and costs of requiring an entity to disclose this information. It therefore expects that the proposed disclosure requirements would provide users with more useful information about the performance of a business combination at a reasonable cost.

In particular, the IASB is proposing to require an entity to disclose information about the entity's acquisition-date key objectives and related targets for a business combination and whether these key objectives and related targets are being met (information about the performance of a business combination). The IASB has responded to preparers' concerns about disclosing that information by proposing:

- to require this information for only a subset of an entity's business combinations—strategic business combinations (see question 2); and
- to exempt entities from disclosing some items of this information in specific circumstances (see question 3).

(a) Do you agree with the IASB's proposal to require an entity to disclose information about the performance of a strategic business combination, subject to an exemption? Why or why not? In responding, please consider whether the proposals appropriately balance the benefits of requiring an entity to disclose the information with the costs of doing so.

(b) If you disagree with the proposal, what specific changes would you suggest to provide users with more useful information about the performance of a business combination at a reasonable cost?

The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to its primary users, namely existing and potential investors, lenders and other creditors, in making decisions relating to providing resources to the entity. However, general purpose financial reports do not and cannot provide all of the information that primary users need, and a balance needs to be achieved between the benefits of providing useful information against the entities' costs to prepare that information.

Our views are divided on the proposed disclosure requirements in question 1. While there is general acknowledgement of increased transparency with the proposed disclosure requirements, some ASC members express significant concerns on the applicability of the proposed disclosures which could be commercially sensitive and forward-looking in nature. Hence, they disagree with those requirements, such as the disclosure of targets in question 1 and quantitative information about synergies in question 5. These members believe that such disclosures could expose entities to potential litigation risks and these concerns are not adequately addressed under the proposed exemption approach in question 3.

Furthermore, we have the following specific concerns and suggestions for the proposed disclosure requirements:

Expectation gap regarding assurance over key objectives and targets for a business combination

We are apprehensive that the full extent of the assurance and auditability required for the proposed requirements have yet been established and the IASB's rationale could raise an expectation that reasonable assurance can be provided on the required disclosures.

Our stakeholders raised similar concerns about this expectation gap on the information disclosed in audited financial statements, where auditors might be perceived as providing reasonable assurance over the achievability of the objectives and targets as well as quantitative information about expected synergies (see question 5).

To alleviate these concerns, we suggest that the IASB seeks comments from the International Auditing and Assurance Standards Board (IAASB) on this ED, and clarifies whether its intention is for assurance to be provided on management's assertions based on assumptions made at the time of the business combination, and whether that includes assessing the reasonableness and achievability of management's expectations for the future performance of the business combination as at the reporting date or when the financial statements are issued.

If the IASB's intention is only to scope in the former, we suggest that the IASB considers clarifying its proposals by requiring explicit disclosures that the key objectives, targets and expected synergies represent management's best estimates

as at the acquisition date and actual results in subsequent periods might differ from these estimates made at the acquisition date.

Non-financial objectives and targets

Management’s review of an entity’s acquisition-date key objectives and related targets for a business combination would likely include both financial and non-financial objectives and targets.

While more robust disclosure requirements can be specified for financial metrics to provide additional clarity to preparers and auditors, we are concerned about the additional processes and expertise required to maintain supporting evidence for management’s assumptions and measurement of non-financial key objectives and targets (including environmental, social and governance (ESG) metrics), and the corresponding increase in costs and audit efforts.

Non-financial metrics can offer valuable insights into a business combination's strategic rationale, but given the auditing challenges, we suggest that the IASB looks further into this aspect and considers providing application guidance to help stakeholders with the proposed disclosures.

**Question 2—Disclosures: Strategic business combinations (proposed paragraph B67C of IFRS 3)**

The IASB is proposing to require an entity to disclose information about the performance of a business combination (that is, information about the entity’s acquisition-date key objectives and related targets for the business combination and whether these key objectives and related targets are being met) for only strategic business combinations—a subset of material business combinations. A strategic business combination would be one for which failure to meet any one of an entity’s acquisition-date key objectives would put the entity at serious risk of failing to achieve its overall business strategy.

The IASB is proposing that entities identify a strategic business combination using a set of thresholds in IFRS 3—a business combination that met any one of these thresholds would be considered a strategic business combination (threshold approach) (see paragraphs BC56–BC73).

The IASB based its proposed thresholds on other requirements in IFRS Accounting Standards and the thresholds regulators use to identify particularly important transactions for which an entity is required to take additional steps such as providing more information or holding a shareholder vote. The proposed thresholds are both quantitative (see paragraphs BC63–BC67) and qualitative (see paragraphs BC68–BC70).

- (a) Do you agree with the proposal to use a threshold approach? Why or why not? If you disagree with the proposal, what approach would you suggest and why?
- (b) If you agree with the proposal to use a threshold approach, do you agree with the proposed thresholds? Why or why not? If not, what thresholds would you suggest and why?

We agree with the IASB that disclosing information only for the subset of material business combinations monitored by the entity's management, i.e., strategic business combinations, would result in the entity disclosing information about the most important business combinations, while also addressing stakeholder concerns about the volume of disclosures being costly and onerous.

A principles-based, open-list approach to identify strategic business combination would be more consistent with the overall management approach proposed in the ED. This open-list approach would offer users valuable insights by capturing business combinations entered into for different strategic needs of an entity. Nonetheless, we generally agree with the IASB's objective of achieving this project at a reasonable cost and their rationale expressed in paragraph BC60 of the Basis for Conclusions on the ED (BC) as the closed-list approach offers a more practical and cost-effective solution compared to a an open-list approach. Bright-line criteria set under the closed-list approach makes it easier for entities to apply and simplifies the audit process for auditors.

However, the closed-list approach could lead to unintended results. For example, an entity with unusually low profits in a given year might be required to disclose an acquisition as strategic even if management did not consider the acquisition to be strategic to its overall business strategy. Similarly, an entity might test market feasibility in a new geographical area through an immaterial acquisition, and it would be counter-intuitive to identify such an acquisition as strategic.

To address the situations identified above, we suggest that the IASB considers a two-phase approach, by requiring that entities apply the closed-list approach first, followed by having a mechanism that works similar to a rebuttable presumption, but with a higher hurdle, that would allow entities to rebut the presumption by disclosing the reasons, significant judgements and assumptions made in determining that an acquisition is not strategic even though any one of the thresholds is met, or that an acquisition is strategic even though none of the thresholds are met. The introduction of a rebuttable presumption would retain certain aspects of the principles-based approach that is aligned to the overall management approach that the IASB has intended.

This approach also aligns the identification of strategic business combinations with the IASB's definition in paragraph BC54 of the BC (i.e., 'one for which failure to meet any one of an entity's acquisition-date key objectives would put the entity at serious risk of failing to achieve its overall business strategy'), while enhancing transparency. The

rebuttable presumption approach is applied in IAS 28 *Investments in Associates and Joint Ventures*, where an entity holding 20 per cent or more of the voting power of the investee is presumed to have significant influence, unless it can be clearly demonstrated that this is not the case, and IFRS 12 *Disclosure of Interests in Other Entities*, which requires disclosures of significant judgements and assumptions made in rebutting the presumption. We see merit in applying the same approach here.

In addition, we have the following comments and suggestions for refining the proposed approach to identify strategic business combinations:

Clarification of major line of business or geographical area

The ‘major line of business or geographical area of operations’ threshold is based on paragraph 32 of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. However, as IFRS 5 lacks specific guidance, we believe that additional application guidance or indicators for a ‘major line of business or geographical area’ would be helpful for the purposes of identifying strategic business combinations. This would enhance application consistency and avoid counterintuitive outcomes as mentioned in our examples above.

Quantitative threshold

Any quantitative threshold is an arbitrary number and it is difficult to pin a precise percentage that would reflect what the IASB intends for a strategic business combination in paragraph BC54 of the BC.

While we generally agree that the proposed 10% threshold could strike a good balance, our desktop research of capital markets in our region<sup>1</sup> and feedback from our stakeholders indicate that the thresholds for what constitutes a significant transaction are generally higher than 10%. Therefore, we suggest that the IASB considers the feedback in comment letters received from other stakeholders and conducts further outreach, if necessary, to evaluate whether the proposed 10% threshold would continue to be appropriate. This helps to ensure that the disclosure requirements are focused on strategic acquisitions, reduce the burden on entities and enhance the relevance of the information for users.

<b>Question 3—Disclosures: Exemption from disclosing information (proposed paragraphs B67D–B67G of IFRS 3)</b>
The IASB is proposing to exempt an entity from disclosing some of the information that would be required applying the proposals in this Exposure Draft in specific circumstances. The exemption is designed to respond to preparers’ concerns about commercial sensitivity and litigation risk but is also designed to be enforceable and

<sup>1</sup> Our preliminary analysis of capital market regulations in Singapore, Malaysia, Indonesia, and Hong Kong reveals that the thresholds for disclosing significant transactions, typically defined as a percentage of net assets or net profits, generally range between 20% and 25%.

auditable so that it is applied only in the appropriate circumstances (see paragraphs BC74–BC107).

The IASB proposes that, as a principle, an entity be exempt from disclosing some information if doing so can be expected to prejudice seriously the achievement of any of the entity's acquisition-date key objectives for the business combination (see paragraphs BC79–BC89). The IASB has also proposed application guidance (see paragraphs BC90–BC107) to help entities, auditors and regulators identify the circumstances in which an entity can apply the exemption.

- (a) Do you think the proposed exemption can be applied in the appropriate circumstances? If not, please explain why not and suggest how the IASB could amend the proposed principle or application guidance to better address these concerns.
- (b) Do you think the proposed application guidance would help restrict the application of the exemption to only the appropriate circumstances? If not, please explain what application guidance you would suggest to achieve that aim.

We welcome the proposed exemption approach, which allows an entity to be exempted from disclosing information if doing so can be expected to prejudice seriously the achievement of any of the entity's acquisition-date key objectives for the business combination. However, we note that a lack of clarity on how the exemption can be applied under the proposed approach could potentially lead to inconsistent interpretations across jurisdictions and practices. To promote consistent application of the exemption, we believe that additional application guidance and illustrative examples would be beneficial for the following aspects:

#### Expectation to 'prejudice seriously' the achievement of the acquirer's acquisition-date key objectives

Although the term 'prejudice seriously' is used in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, we expect that its application, to both preparers and auditors, to assess whether the disclosure of specific information can be expected to prejudice seriously the achievement of key objectives would involve significant judgement. Therefore, clear guidance on factors to consider and examples of situations where the exemption *can* be applied would be useful.

#### Non-financial information and aggregation

The proposed application guidance in paragraph B67F of IFRS 3 primarily focuses on financial information. It would be useful to include guidance on applying the exemption to non-financial information (for example, ESG metrics) and situations where aggregation may not be feasible.

**Question 4—Disclosures: Identifying information to be disclosed (proposed paragraphs B67A–B67B of IFRS 3)**

The IASB is proposing to require an entity to disclose information about the performance of the entity's strategic business combinations (that is, information about its acquisition-date key objectives and related targets for a strategic business combination and whether these key objectives and related targets are being met) that is reviewed by its key management personnel (see paragraphs BC110–BC114). The IASB's proposals would require an entity to disclose this information for as long as the entity's key management personnel review the performance of the business combination (see paragraphs BC115–BC120).

The IASB is also proposing (see paragraphs BC121–BC130) that if an entity's key management personnel:

- do not start reviewing, and do not plan to review, whether an acquisition-date key objective and the related targets for a business combination are met, the entity would be required to disclose that fact and the reasons for not doing so;
- stop reviewing whether an acquisition-date key objective and the related targets for a business combination are met before the end of the second annual reporting period after the year of acquisition, the entity would be required to disclose that fact and the reasons it stopped doing so; and
- have stopped reviewing whether an acquisition-date key objective and the related targets for a business combination are met but still receive information about the metric that was originally used to measure the achievement of that key objective and the related targets, the entity would be required to disclose information about the metric during the period up to the end of the second annual reporting period after the year of acquisition.

(a) Do you agree that the information an entity should be required to disclose should be the information reviewed by the entity's key management personnel? Why or why not? If not, how do you suggest an entity be required to identify the information to be disclosed about the performance of a strategic business combination?

(b) Do you agree that:

- (i) an entity should be required to disclose information about the performance of a business combination for as long as the entity's key management personnel review that information? Why or why not?
- (ii) an entity should be required to disclose the information specified by the proposals when the entity's key management personnel do not start or stop reviewing the achievement of a key objective and the related targets



for a strategic business combination within a particular time period? Why or why not?

We agree with the proposal to align the disclosed information with how key management personnel (KMP) monitor business performance post-acquisition. This approach leverages existing information already used by management to monitor and evaluate acquired business performance. It avoids the need to create new data solely for external reporting purposes, ensuring disclosures are based on reliable and relevant information. This would enhance the relevance and usefulness of the disclosures for users, as it would provide insights into the metrics and targets that KMP deem as critical for evaluating the success of a business combination. By understanding how management assesses performance, users can better evaluate the effectiveness of management's decision-making and resource allocation, thereby promoting transparency and accountability.

We support the IASB's proposal that an entity should be required to disclose performance information for as long as KMP review that information as it aligns with the principle of providing decision-useful information to users. As long as KMP actively monitor the performance of a business combination against its acquisition-date objectives and targets, this information remains relevant for users to assess the success and strategic impact of the acquisition. We also support the proposed disclosures for scenarios where KMP do not initiate or cease reviews of key objectives and targets.

#### **Question 5—Disclosures: Other proposals**

The IASB is proposing other amendments to the disclosure requirements in IFRS 3. These proposals relate to:

##### *New disclosure objectives (proposed paragraph 62A of IFRS 3)*

The IASB proposes to add new disclosure objectives in proposed paragraph 62A of IFRS 3 (see paragraphs BC23–BC28).

##### *Requirements to disclose quantitative information about expected synergies in the year of acquisition (proposed paragraph B64(ea) of IFRS 3)*

The IASB proposes:

- to require an entity to describe expected synergies by category (for example, revenue synergies, cost synergies and each other type of synergy);
- to require an entity to disclose for each category of synergies:
  - the estimated amounts or range of amounts of the expected synergies;

- the estimated costs or range of costs to achieve these synergies; and
- the time from which the benefits expected from the synergies are expected to start and how long they will last; and
- to exempt an entity from disclosing that information in specific circumstances.

See paragraphs BC148–BC163.

*The strategic rationale for a business combination (paragraph B64(d) of IFRS 3)*

The IASB proposes to replace the requirement in paragraph B64(d) of IFRS 3 to disclose the primary reasons for a business combination with a requirement to disclose the strategic rationale for the business combination (see paragraphs BC164–BC165).

*Contribution of the acquired business (paragraph B64(q) of IFRS 3)*

The IASB proposes to amend paragraph B64(q) of IFRS 3 to improve the information users receive about the contribution of the acquired business (see paragraphs BC166–BC177). In particular, the IASB proposes:

- to specify that the amount of profit or loss referred to in that paragraph is the amount of operating profit or loss (operating profit or loss will be defined as part of the IASB's Primary Financial Statements project);
- to explain the purpose of the requirement but add no specific application guidance; and
- to specify that the basis for preparing this information is an accounting policy.

*Classes of assets acquired and liabilities assumed (paragraph B64(i) of IFRS 3)*

The IASB proposes to improve the information entities disclose about the pension and financing liabilities assumed in a business combination by deleting the word 'major' from paragraph B64(i) of IFRS 3 and adding pension and financing liabilities to the illustrative example in paragraph IE72 of the Illustrative Examples accompanying IFRS 3 (see paragraphs BC178–BC181).

*Deleting disclosure requirements (paragraphs B64(h), B67(d)(iii) and B67€ of IFRS 3)*

The IASB proposes to delete some disclosure requirements from IFRS 3 (see paragraphs BC182–BC183).

Do you agree with the proposals? Why or why not?

Subject to our comments in question 1 on the disclosures on quantitative information about synergies, we are generally supportive of the other proposed amendments to the disclosure requirements in IFRS 3, as we believe they will enhance transparency and provide users with more relevant information about business combinations.

We note that for immaterial business combinations that are material collectively, the existing requirements under paragraph B65 of IFRS 3 requires disclosure of information in aggregate. Applying this existing requirement to the proposal to quantify synergies for immaterial business combinations and disclose in aggregate would be onerous and does not provide meaningful information to users as the operations and corresponding synergies of these business combinations may not be closely related to one another. Hence, we suggest that the IASB considers excluding disclosures on quantitative information about expected synergies in proposed paragraph B64(ea) from the requirements under paragraph B65.

**Question 6—Changes to the impairment test (paragraphs 80–81, 83, 85 and 134(a) of IAS 36)**

During the PIR of IFRS 3, the IASB heard concerns that the impairment test of cash-generating units containing goodwill results in impairment losses sometimes being recognised too late.

Two of the reasons the IASB identified (see paragraphs BC188–BC189) for these concerns were:

- shielding; and
- management over-optimism.

The IASB is proposing amendments to IAS 36 that could mitigate these reasons (see paragraphs BC192–BC193).

*Proposals to reduce shielding*

The IASB considered developing a different impairment test that would be significantly more effective at a reasonable cost but concluded that doing so would not be feasible (see paragraphs BC190–BC191).

Instead, the IASB is proposing changes to the impairment test (see paragraphs 80–81, 83 and 85 of IAS 36) to reduce shielding by clarifying how to allocate goodwill to cash generating units (see paragraphs BC194–BC201).

*Proposal to reduce management over-optimism*

The IASB's view is that management over-optimism is, in part, better dealt with by enforcers and auditors than by amending IAS 36. Nonetheless, the IASB is proposing to amend IAS 36 to require an entity to disclose in which reportable segment a cash generating unit or group of cash-generating units containing goodwill is included (see paragraph 134(a) of IAS 36). The IASB expects this information to provide users with better information about the assumptions used in the impairment test and therefore allow users to better assess whether an entity's assumptions are over-optimistic (see paragraph BC202).

- (a) Do you agree with the proposals to reduce shielding? Why or why not?
- (b) Do you agree with the proposal to reduce management over-optimism? Why or why not?

#### Proposals to reduce shielding

We are generally supportive of the IASB's proposals that aim to clarify the existing requirements on the allocation of goodwill to cash-generating units (CGUs), at the lowest level at which the business associated with the goodwill is monitored for internal management purposes. The clarifications are a positive change. However, as there are limited changes to the underlying requirements, we do not expect the proposal would reduce shielding by a significant extent.

#### Proposals to reduce management over-optimism

We are generally supportive of the IASB's proposal to require entities to disclose the reportable segment that contains the CGU or group of CGUs, where the entity reports segment information in accordance with IFRS 8 *Operating Segments*, taking into consideration the IASB's rationale as described in paragraph BC202 of the BC.

#### **Question 7—Changes to the impairment test: Value in use (paragraphs 33, 44–51, 55, 130(g), 134(d)(v) and A20 of IAS 36)**

The IASB is proposing to amend how an entity calculates an asset's value in use. In particular, the IASB proposes:

- to remove a constraint on cash flows used to calculate value in use. An entity would no longer be prohibited from including cash flows arising from a future restructuring to which the entity is not yet committed or cash flows arising from improving or enhancing an asset's performance (see paragraphs BC204–BC214).
- to remove the requirement to use pre-tax cash flows and pre-tax discount rates in calculating value in use. Instead, an entity would be required to use internally

consistent assumptions for cash flows and discount rates (see paragraphs BC215–BC222).

- (a) Do you agree with the proposal to remove the constraint on including cash flows arising from a future restructuring to which the entity is not yet committed or from improving or enhancing an asset's performance? Why or why not?
- (b) Do you agree with the proposal to remove the requirement to use pre-tax cash flows and pre-tax discount rates in calculating value in use? Why or why not?

We are supportive of the IASB's proposals to remove the restrictions in the value in use (VIU) measurement for assets and CGUs within the scope of IAS 36. The removal of those restrictions would reduce the cost and complexity of estimating VIU since entities would be able to use inputs directly from management budgets or forecasts and their current valuation models, without making adjustments solely for the purpose of external reporting.

Moreover, it would make the impairment test easier to understand. Fair value reflects the current potential of an asset or a CGU to be restructured, improved or enhanced, if market participants would pay for that current potential. Therefore, it would be more logical for VIU to reflect such potential.

We agree with the IASB to retain the requirement in paragraph 44 of IAS 36 to estimate cash flows for an asset in its current condition. We also generally support the amendments in proposed paragraph 44A(b) that if the asset has the current potential to be restructured, improved or enhanced, and the associated cash flows projections meet the requirements in paragraph 33, these estimated future cash flows that are expected to arise from the restructuring, improvement or enhancement shall be included.

That said, there may be significant subjectivity involved in determining whether a future uncommitted restructuring, or an improvement or enhancement of an asset's performance reflects reasonable and supportable assumptions of the estimated future cash flows of an asset in its current condition. Therefore, we suggest that the IASB considers providing additional guidance to clarify the circumstances where it may be appropriate or not appropriate to include cash flows associated with the potential of an asset to be restructured, improved or enhanced in estimating future cash flows for the asset in its current condition in accordance with paragraph 44. To mitigate concerns about shielding and management over-optimism, we suggest that entities should disclose the extent to which the estimated VIU is impacted by cash flows from future uncommitted restructuring, asset improvement or enhancement to promote transparency for users.

In addition, consistent with IAS 1 concepts on inter-period comparability of information and consistency, we suggest that the IASB considers requiring the use of pre-tax or post-tax methods to be applied consistently.

**Question 8—Proposed amendments to IFRS X *Subsidiaries without Public Accountability: Disclosures***

The IASB proposes to amend the forthcoming IFRS X *Subsidiaries without Public Accountability: Disclosures* (Subsidiaries Standard) to require eligible subsidiaries applying the Subsidiaries Standard to disclose:

- information about the strategic rationale for a business combination (proposed paragraph 36(ca) of the Subsidiaries Standard);
- quantitative information about expected synergies, subject to an exemption in specific circumstances (proposed paragraphs 36(da) and 36A of the Subsidiaries Standard);
- information about the contribution of the acquired business (proposed paragraph 36(j) of the Subsidiaries Standard); and
- information about whether the discount rate used in calculating value in use is pretax or post-tax (paragraph 193 of the Subsidiaries Standard).

See paragraphs BC252–BC256.

Do you agree with the proposals? Why or why not?

We are generally supportive of the IASB’s proposals for selecting appropriate disclosure requirements from those proposed for IFRS 3 and IAS 36, based on the agreed principles for reducing disclosures for eligible subsidiaries as described in paragraph BC253 of the BC.

However, we have reservations from a cost-benefit perspective of requiring quantitative information about expected synergies as we are not persuaded by the IASB’s rationale in paragraph BC255(a) of the BC that ‘this information is typically about an entity’s short-term cash flows’. We believe that this may not always be the case. Moreover, synergies often contribute to value creation over an extended period, hence their relevance for forecasting short-term cash flows might be limited.

Accordingly, we suggest that the IASB considers not to require the disclosure on quantitative information about expected synergies.

**Question 9—Transition (proposed paragraph 64R of IFRS 3, proposed paragraph 140O of IAS 36 and proposed paragraph B2 of the Subsidiaries Standard)**

The IASB is proposing to require an entity to apply the amendments to IFRS 3, IAS 36 and the Subsidiaries Standard prospectively from the effective date without

restating comparative information. The IASB is proposing no specific relief for first-time adopters. See paragraphs BC257–BC263.

Do you agree with the proposals? Why or why not? If you disagree with the proposals, please explain what you would suggest instead and why.

We are generally supportive of the transition requirements on the basis of the IASB's rationale, other than our comments below for first-time adopters.

We share similar concerns to those expressed by some IASB members in paragraph BC259 of the BC about the cost of not providing relief for first-time adopters, particularly from the proposed requirement for an entity to disclose information about the performance of a business combination. Not providing first-time adopters with relief from this proposed requirement would be costly as first-time adopters are required to assess, at the date of transition to IFRSs, whether the entity's KMP are reviewing the performance of all past business combinations. Hence, we suggest that the IASB considers providing similar relief for first-time adopters.

We hope that our comments will contribute to the IASB's deliberation on the ED. Should you require any further clarification, please contact our project managers Yun Leng Chua at [chua\\_yun\\_leng@acra.gov.sg](mailto:chua_yun_leng@acra.gov.sg) or Chuan Jian Lo at [lo\\_chuan\\_jian@acra.gov.sg](mailto:lo_chuan_jian@acra.gov.sg).

Yours sincerely

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For and on behalf of Accounting Standards Committee  
Accounting and Corporate Regulatory Authority