



KPMG LLP
Audit
15 Canada Square
London E14 5GL
United Kingdom

Financial Reporting Council
8th Floor
125 London Wall
London
EC2Y 5AS

By email to: BCDGI@frc.org.uk

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Draft UK Endorsement Board response: Discussion Paper DP/2020/1 Business Combinations – Disclosures, Goodwill and Impairment

We welcome the UK Endorsement Board's ("UKEB") intention to comment on the above-named Discussion Paper ("the DP") and the opportunity to provide input on the Draft Response. Early engagement to influence IASB proposals will be an important part of the UK's endorsement processes. We support the approach that the UKEB is taking to engage with UK stakeholders and with the IASB on this important project.

The DP seeks to explore whether companies can, at a reasonable cost, provide investors with more useful information about the acquisitions those companies make. The views of investors are vital to judging the effectiveness of the proposals and we urge the UKEB to prioritise such input.

KPMG LLP is part of a global network of firms. Views on IFRSs are developed globally by KPMG International Standards Group. The KPMG network of firms' response to the DP has been provided publicly to the IASB and is available [here](#). The comments in this letter are consistent with that response.

Overall, we support the DP's objective to provide investors with more useful information about the acquisitions that companies make. However, we do not think the proposals outlined in the DP would wholly meet that objective. We believe there are pros and cons to each of the potential measurement models and therefore consider that improved disclosure of objectives for the acquisition and how success will be measured, followed by annual reporting on post-acquisition performance, including against those objectives and metrics, is key to meeting the objective in the DP. Whilst there are some disclosure requirements within existing standards, e.g. regarding expected synergies and assumptions made in assessing recoverable amounts, we believe that investors are looking for more than is currently provided. We note the UKEB's view that companies should not be expected to provide disclosures that may be commercially sensitive; however, we do not expect that the information investors would require in order to hold management to account would be commercially sensitive.

Please contact Claire Stagg on 0207 311 3761 should you wish to discuss any of our comments,

Yours faithfully

KPMG LLP