15 July 2024

International Accounting Standards Board
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United Kingdom
Email: commentletters@ifrs.org

Dear Sir/Madam

SAICA SUBMISSION ON ED/2024/1 – *BUSINESS COMBINATIONS – DISCLOSURES, GOODWILL AND IMPAIRMENT* – PROPOSED AMENDMENTS TO IFRS 3 AND IAS 36

In response to your request for comments on ED/2024/1 – *Business Combinations – Disclosures, Goodwill and Impairment* – Proposed Amendments to IFRS 3 And IAS 36, attached is the comment letter prepared by the South African Institute of Chartered Accountants (SAICA). This comment letter results from deliberations of SAICA's Accounting Practices Committee (APC), which comprises members from reporting organisations, regulators, auditors, IFRS specialists, investment analysts and academics.

We thank you for the opportunity to provide comments on this Exposure Draft.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Prof Ahmed Mohammadali-Haji
Chairperson: APC

Mulala Ratshitanga
Project Director: Financial Reporting

Cc: Bongeka Nodada
Executive: Corporate Reporting

GENERAL COMMENTS

We are overall supportive of the International Accounting Standards Board (IASB or Board)'s initiatives to enhance the disclosure about business combinations and the related IAS 36 proposals. The committee agrees that disclosure plays a fundamental role in controlling agency costs, and that the improvement of disclosure quality in the financial statement reduces any asymmetry of information, ultimately improving an analysts' earnings forecast accuracy. Our general concern relates to the practical application of the additional proposed disclosure requirements as it relates to expected synergies, auditing such disclosures and the costs involved for a preparer to produce information. We have also observed that disclosures regarding expected benefits flowing from synergies could create tension with regulatory requirements, specifically for listed entities.

Furthermore, a strong view was expressed in opposing the decision of the Board to keep an impairment model only as it relates to Goodwill. Whilst we take note of the reasons for the decisions made by the board, a general view expressed is that disclosure is not the appropriate tool to fix a measurement model. Given, however, that the IASB has decided to address stakeholder needs through additional disclosure requirements and guidance, the views expressed in this comment letter reflected on whether entities can, at a reasonable cost, provide users with more useful information about business combinations.

SPECIFIC COMMENTS

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 providing users with more useful information about the performance of a business combination at a reasonable cost?*

We agree with the IASB's proposal to require an entity to disclose, in the year of acquisition, information about the key objectives and related targets of a business combination. Accordingly, our members also agree with the disclosure of the performance of a strategic business combination as it relates to these set objectives and targets subject to some exemptions. There are some concerns expressed by our members regarding various proposals where additional clarification or application guidance is requested, which is discussed in response to the specific questions as set out in the Exposure Draft (ED).

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?*

In response to a), we welcome the proposal to use a threshold approach to identify a strategic business combination. We believe that a threshold approach is useful as it would reduce divergence in practise. We have some recommendations to the Board with regards to the thresholds applied, which is set in response to (b) below.

In addressing our observations regarding the thresholds applied, our members propose the inclusion of a rebuttable presumption such that entities can evaluate whether a business combination qualifies as a strategic business combination based on the description provided in Basis for Conclusions (BC) paragraph 54 using the quantitative and qualitative thresholds as guidelines only.

In response to b), we deliberated the Board's approach as set out in the BC paragraph 56 to 61, and the decision to propose a "closed list approach" based on a quantitative and qualitative threshold. We are concerned that a "closed list approach" could become a "checklist approach" without due consideration for the objective of identifying strategic acquisitions and the related disclosure requirements. With respect to the quantitative thresholds proposed, we propose that the IASB increases the proposed thresholds to a threshold *higher than* 10% of any one of revenue, operating profit and assets of the business acquired. We take note of the Board's considerations and specifically the thresholds applied in IFRS 8 in identifying segments, however, we do not believe that the threshold is set high enough to disclose *material* business combinations (read with paragraphs 29 and 30 of IAS 1), resulting in an unintended consequence of disclosing immaterial business combinations if a qualitative threshold is triggered. The qualitative threshold was considered as appropriate, with members finding more usefulness in a *qualitative only* threshold, but also linking the qualitative threshold to the description of a "strategic business combination" as set out in BC paragraph 54 of the ED. Our members also requested that, if the current wording of "qualitative threshold" is kept, the IASB should provide guidance on the interpretation of "major":

- whether it should be interpreted as a line of business, or geographical location, or both; and
- how the term should be applied, as there seems to be divergence in practise in its application.

Furthermore, our members also requested guidance to be provided by the Board to appropriately identify and set key objectives and targets, showing the link to management's strategic rationale, in order to avoid too many (i.e., aspirational) objectives and targets to be disclosed. Similar to our concerns set out in Question 4, non-IFRS information and non-financial information is not typically produced by the same systems and processes for which IFRS Accounting Standards information is produced, and therefore the integrity and auditability of such information is concerning. We include a proposal to address a possible expectation gap when reasonable assurance is expressed over the future achievement of key objectives and targets in our response to Question 5.

Question 3—Disclosures: Exemption from disclosing information (proposed paragraphs B67D–B67G of IFRS 3)

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 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.

In response to a), we are sceptical that the proposed exemption could be applied in practice. We have noted the following concerns from our constituents:

- From a preparer's perspective, the interpretation of "seriously prejudicial" could be akin to a "fair presentation override", which is very seldom justified. This could make the exemption superfluous.
- It is also very difficult to identify users who would be prejudiced by the disclosure of information. Our concern is if it is difficult to identify prejudice information or a prejudiced user, management could assess any *possible* scenario in the same light as any *probable* scenario of litigation;
- A preparer is more likely to consider protecting its business strategy as a whole when considering which information to disclose, rather than managing a litigation risk; and
- Flowing from this, from an auditor's perspective, it will be very difficult to enforce the application of the proposed exemptions to its clients/entities without defining "seriously prejudicial" within the IFRS Accounting Standards.

In response to b), whilst we believe that additional application guidance is always useful, the application guidance included in BC paragraphs 90 – 107 does not sufficiently explain how to apply this prejudice characteristic that is in the exemption.

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?

In response to a), we agree that the information an entity required to disclose should be reviewed by the entity's key management personnel, and that the level of review is appropriately identified.

In response to b(i)), we have the following observations:

- The information that key management would review would typically include IFRS Accounting Standards information, non-IFRS information (such as alternative performance measures), and non-financial information (such as employee integration, innovation and social impact) which is not typically produced by the same systems and process which produces IFRS Accounting Standards information , and therefore the integrity of such information and auditability thereof is questioned;
- Key management personnel could review the performance of the entity for periods much longer than what is relevant to the users of the information. For example, once an acquisition is integrated into the business as a whole, and fully absorbed in the comparative information presented, the usefulness of information of such acquisition could decline, especially if no further cash outflows or adjustments are expected in relation to the acquisition; and
- Including information about the performance of a business combination for an open period could result in stale and irrelevant information presented for the sake of meeting the disclosure requirement.

In response to b(ii)), we agree with the requirement 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. However, we recommend that a time limit is imposed in presenting information to consider both the review by key management personnel, being a maximum time limit in years, or the lapsing of contingent or other deferred payment, or profit-sharing arrangements as it relates to the acquisition (if relevant), whichever comes first. Management could be allowed to continue presenting such information, if they conclude that the information regarding the performance of an acquired business is still useful and relevant to its users.

Question 5—Disclosures: Other proposals

Our response is set out under each specific section.

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).

We agree with the new disclosure objectives as set out in paragraph 62A of IFRS 3.

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.*

We acknowledge the proposals to require an entity to disclose quantitative information about the expected synergies in the year of acquisition, and we do see the merit in proposing such disclosures. Whilst we agree with the proposal to describe the expected synergies of a business combination, we have some concerns around the practicality of providing such information:

- The term "synergies" are not defined and therefore providing a description of such synergies might be difficult or divergent in practice. A definition of synergies and additional guidance on the nature of the information to be provided would be useful;
- We have observed that expected synergies are not always quantified during the acquisition phase of a business; providing such information may be difficult to quantify, is complex and costly;
- If such information exist at acquisition, it would typically be strategic in nature, which in our view, preparers would be hesitant to disclose due to the confidential nature thereof;

- The requirement to provide quantitative information involves a high level of estimation with significant variability, and in our view, such variability would only be confirmed once the acquired business is integrated into the rest of the operations of the acquirer. Whilst we note the view presented in the ED that, based on the outreach performed by the IASB, auditors said the information would be auditable at *additional cost*, we hold the view that in practice, such information is generally more difficult to audit, which would require the use of specialists and therefore costly to provide the required quantitative information. When information is complex, with significant estimation uncertainty or variability, we struggle to see how this information would be useful to investors and analysts and ultimately whether the cost to provide such information, exceeds the benefit thereof;
    - With respect to the proposal to disclose the range of expected synergies, the proposed disclosure should make reference to a reasonable range of expected synergies, as the information to be presented would be determined under reasonable circumstances with the expectation that those synergies might differ in future, or might not come to fruition;
    - With respect to the proposal to disclose the cost or range of cost to achieve the expected synergies, our view is that this information is sensitive and strategic, and preparers would be hesitant to make such disclosures. We propose that the Board reconsiders the request to disclose quantitative information that might be disruptive to competitive advantage to achieve the estimated expected synergies;
    - With respect to the timeframe of those expected synergies, we have similar concerns regarding the high level of estimation uncertainty and unpredictability. We are concerned that preparers and auditors would become more concerned about the accuracy of the information, rather than the objective in disclosing such information;
    - There seems to be some uncertainty as to *when* the expected synergies are determined. For example, in some instances the ED refers to the targets and metrics when the *purchase price is determined*, however, in other instances, the ED refers to targets and the metrics *at the acquisition date*. These are two distinct points of time, which, considering the lengthy process of negotiations, obtaining regulatory approval and ultimately identifying the acquisition date could be years apart;
    - Our concern regarding the exemption is set out in our response to Question 3; and disclosures regarding expected benefits flowing from synergies could create tension with regulatory requirements, specifically for listed entities where such information could be perceived as *forward-looking information*.

We recommend that the Board considers amending the requirements for disclosing quantitative information to rather disclose qualitative information regarding synergies in sufficient detail. However, should the requirement to present quantitative information be maintained, we recommend that a disclosure requirement be included to clarify that information used or disclosed to comply with this requirement is based on management's view (similar with how disclosures are made in terms of IFRS 8 – *Segment Reporting* for non-IFRS information). This would address the expectation gap whereby users may misinterpret the disclosure requirements and assume that reasonable assurance has been expressed over the future achievement of synergies, since they are disclosed as part of the audited financial statements. This concern equally applies to Question 1 whereby the expectation gap would be over the future success of the proposed targets and key objectives of strategic business combinations. We recommend that the board clarify in the Basis for Conclusions that assurance expressed over the disclosures does not imply that the auditors necessarily agree with the content of what's been disclosed but rather provides assurance that the related disclosure is consistent with management's reporting.

We also have concerns as to whether cross referencing would be allowed and to what extent some of the information around the key performance targets and the strategic information that is already included in the annual report can be linked to the information that is already presented elsewhere.

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).

We agree with this proposed change to the disclosure requirements.

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.*

We agree with the proposed amendments as set out above.

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).

We agree with the proposed amendment to the disclosure requirement.

Deleting disclosure requirements (paragraphs B64(h), B67(d)(iii) and B67(e) 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?

We agree with the proposed changes to delete the disclosure requirements of IFRS 3 as set out in BC paragraphs 182 -BC183.

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?*

In response to a), we agree with the proposals to reduce shielding by providing additional guidance, such guidance is useful. We do however note that whilst the guidance in terms of IAS 36 is correct and useful, the proposal by the IASB to clarify that the highest level to which a company can allocate goodwill in an operating segment could be superfluous for those entities that do not present segment information.

In response to b), our observations regarding the additional disclosure requirements as it relates to segment information is useful to reduce management overoptimism, however, as segment information are not presented by all entities, the additional disclosure requirement would not be relevant to all entities.

Furthermore, our constituents are concerned that the views expressed by the Board regarding the role of the auditor or regulator to respond to management overoptimism and shielding could be misplaced. Those charged with Governance are responsible for the correctness of financial information, including the reasonableness of assumptions used for the measurement of Goodwill impairment. Optimism is inherently human nature, and whilst we acknowledge that the motive for additional disclosure stems from information asymmetries, whereby an unequal distribution of information exists between those charged with Governance and other stakeholders (investors and shareholders), the auditor and regulator should not be charged with resolving this inequality.

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?

In response to a), our constituents generally disagreed with the proposal to remove the constraint as this could, through no intention of the IASB, create divergence in practise and also further opportunity for shielding the asset for impairment. Our constituents also raised a concern that by removing the constraint, cash flows from an unannounced restructuring process could be included and presented in the impairment test, for which no further information is disclosed in the financial statements, possibly creating confusion and concern amongst employees and creditors.

In response to b), there was an overwhelming positive response to the proposal to remove the requirement to use pre-tax cash flows and pre-tax discount rates in calculating value in use.

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 disagree with the proposal to include the information in these financial statements. Our concern stems from an apparent contradiction with the principles of IFRS 19and that the users of such financial statements are expected to be a limited group. However, should the proposed disclosure requirements be maintained, our comments as set out throughout this letter would be applicable to the specific proposals as indicated above.

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 agree that the proposed amendments to IFRS 3 and IAS 36 and IFRS 19(should this be retained) should be applied prospectively from the effective date without restating comparative information.