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EY's Financial Reporting Developments for public companies

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Presenters



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FIRESIDE CHAT

The Role of Today's
Audit Committees



IFRS accounting impacts of tariffs

IFRS accounting impacts of tariffs

The US tariffs and retaliatory measures could have profound impacts for many companies and these impacts should be considered in preparing financial statements.



Timing of tariffs and the impact on interim reporting

March 31, 2025
Reporting Date

February and March US executive orders

- US tariffs on goods imported from Canada that do not satisfy USMCA rules of origin
- US tariffs on steel and aluminum imported from Canada
- US tariffs on certain automotive goods imported from Canada (proclaimed in March, effective in April)
- US tariffs on imports from China

Retaliatory tariffs

- Canadian tariffs on \$30B of goods imported from US
- Canadian retaliatory tariffs on steel and aluminum products and \$14.2B in additional goods imported from US
- Chinese retaliatory tariffs

April US executive orders

- 10% baseline US tariffs on most goods imported from trading partners other than Canada and Mexico
- Introduction and pause of incremental country-specific retaliatory tariffs (no change in Canadian tariffs)
- Escalation of tariffs on imports from China

Other retaliatory measures

- Canadian retaliatory tariffs on automotives
- Further Chinese retaliatory tariffs

Various aspects of financial reporting require consideration of forward-looking information (e.g. impairment)

- Such consideration generally needs to be based on **conditions that existed as of the balance sheet date**



Forward-looking information should embed the uncertainty that was present as of the balance sheet date



- Enactment of new tariffs after the balance sheet date may be non-adjusting, however it may be **confirmatory and/or further inform how the entity reflected the existing uncertainty** at the balance sheet date

- However, it would not generally be appropriate for that forward-looking information to be adjusted (positively or negatively) to fully reflect the actual events subsequent to the balance sheet date

Entities should be able to explain and support how their forward-looking information used for interim financial statements reflects the conditions and uncertainties present at the balance sheet date



Impairment of non-financial assets



Impact of tariffs on impairment testing:



The imposition of tariffs and related uncertainties at the balance sheet date may be an impairment indicator for many entities, necessitating a test before the annual test



If an impairment test was performed prior to the balance sheet date, entities may need to assess whether developments since that date require an updated test



Ongoing impairment assessments may be necessary at future interim and annual reporting dates, as conditions may continue to evolve rapidly



It may be more challenging to apply IAS 36's guidance on reusing prior period calculations, given the current high level of uncertainty

Impairment of non-financial assets

Recoverable Amount is the higher of FVLCD and VIU

Both FVLCD and VIU models require the consideration of forward-looking information.

- FVLCD model inputs reflect market participant assumptions reflecting the tariffs and uncertainties that exist at measurement date
- VIU model inputs reflect entity-specific assumptions using the most recent approved budgets and forecasts, reflecting tariffs and uncertainties that exist at measurement date

Uncertainties related to tariffs:

- Expected duration and magnitude of tariffs
- Possible changes or additional tariffs and retaliatory measures
- The resulting direct and indirect impacts on demand, prices and costs
- The entity's possible responses to tariffs

Factoring uncertainty into impairment models:

- Consider the use of multiple probability weighted cash flow scenarios rather than single best estimate
- Consider how uncertainty is reflected in benchmark discount rates and observable market multiples
- Reflect tariff related risks through either adjustments to future cash flows or the discount rate - don't double-count
- Maximise the use of observable inputs (e.g. market capitalisation before vs. after tariffs threat)
- For VIU, future enhancements and uncommitted restructuring cannot be included - these restrictions may result in VIU being lower than FVLCD
- Underlying assumptions should be reasonable and supportable
- Update forecasts and scenarios as necessary to reflect rapid and ongoing changes up to test date
- Consider sensitivities to validate the reasonableness of the impairment test outcome

Key Disclosures:

- Key assumptions and significant judgments:
 - Tariff duration and magnitude
 - Conditions existing at balance sheet date
 - Probability weightings if multiple scenarios are applied

- Sensitivity analysis, particularly if a possible change in key assumptions could lead to impairment

IAS 34 Interim Reporting requires:

- Explanation of significant events and transactions since the last annual financial statements
- Updates on relevant disclosures, including impairment considerations
- Where impairment risk exists at interim dates:
- The full set of annual impairment testing disclosures should be included

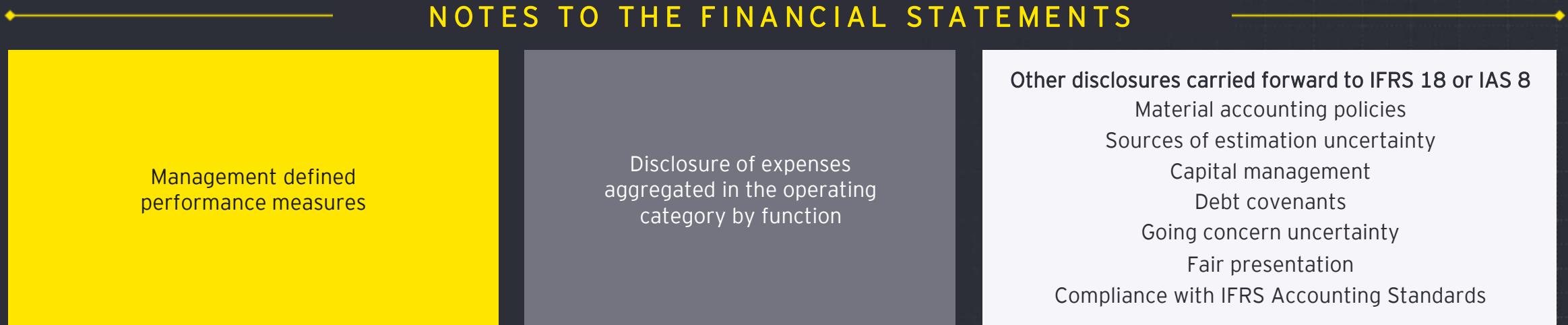
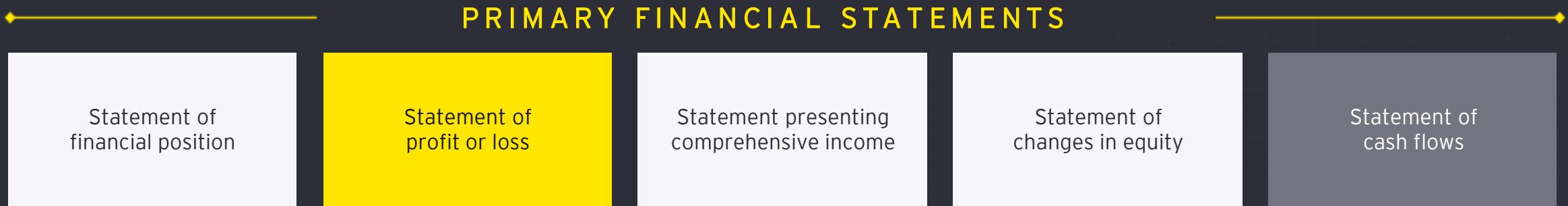
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IFRS 18 Presentation and disclosure in financial statements



Impact on the complete set of financial statements

IFRS 18 Presentation and disclosure in financial statements



■ Significant changes

■ Some changes

■ Minimal changes

Transition

IFRS 18 Presentation and disclosure in financial statements



In the year of adoption and thereafter, entities that prepare condensed interim financial statements in compliance with IAS 34 must present the same headings and subtotals it expects to use in their annual financial statements and will also need to include disclosures on management-defined performance measures.

FOR MORE INFORMATION ON IFRS 18:

FINANCIAL REPORTING DEVELOPMENTS
Public companies (IFRS reporting)

November 20, 2024

Applying IFRS
A closer look at IFRS 18
July 2024

The IASB issues IFRS 18 Presentation and Disclosure in Financial Statements

Issue 223 / April 2024

IFRS Developments

Highlights

On 09 April 2024, the International Accounting Standards Board (the IASB) or the Board issued IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18). IFRS 18 is a new standard that replaces IAS 1, 'Presentation of Financial Statements'. The new IFRS accounting standard is a result of the IASB's Primary Financial Statement project, which aims to improve the quality and relevance of information communicated to investors and other users of financial statements.

The new IFRS accounting standard is effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 replaces IAS 1, with limited exceptions. IFRS 18 introduces new requirements on presentation within the financial statements, including the requirement to present the statement of cash flows as a cash flow statement. It also requires disclosure of management-defined performance measures and includes requirements for the presentation of financial statements based on the 'identifiable assets' of the primary financial statements of the entity. IFRS 18 also requires entities to disclose information about management-defined performance measures. Minor consequential amendments have been made to IAS 1, IAS 21, IAS 24, IAS 27, IAS 28, IAS 29, IAS 30, IAS 31, IAS 32, IAS 33, IAS 34, IAS 35, IAS 36, IAS 37, IAS 38, IAS 39, IAS 40, IAS 41, IAS 42, IAS 43, IAS 44, IAS 45, IAS 46, IAS 47, IAS 48, IAS 49, IAS 50, IAS 51, IAS 52, IAS 53, IAS 54, IAS 55, IAS 56, IAS 57, IAS 58, IAS 59, IAS 60, IAS 61, IAS 62, IAS 63, IAS 64, IAS 65, IAS 66, IAS 67, IAS 68, IAS 69, IAS 70, IAS 71, IAS 72, IAS 73, IAS 74, IAS 75, IAS 76, IAS 77, IAS 78, IAS 79, IAS 80, IAS 81, IAS 82, IAS 83, IAS 84, IAS 85, IAS 86, IAS 87, IAS 88, IAS 89, IAS 90, IAS 91, IAS 92, IAS 93, IAS 94, IAS 95, IAS 96, IAS 97, IAS 98, IAS 99, IAS 100, IAS 101, IAS 102, IAS 103, IAS 104, IAS 105, IAS 106, IAS 107, IAS 108, IAS 109, IAS 110, IAS 111, IAS 112, IAS 113, IAS 114, IAS 115, IAS 116, IAS 117, IAS 118, IAS 119, IAS 120, IAS 121, IAS 122, IAS 123, IAS 124, IAS 125, IAS 126, IAS 127, IAS 128, IAS 129, IAS 130, IAS 131, IAS 132, IAS 133, IAS 134, IAS 135, IAS 136, IAS 137, 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EMERGING ISSUES/QUESTIONS

Management Performance Measures (MPM)

Classification in the IFRS 18 statement of profit or loss

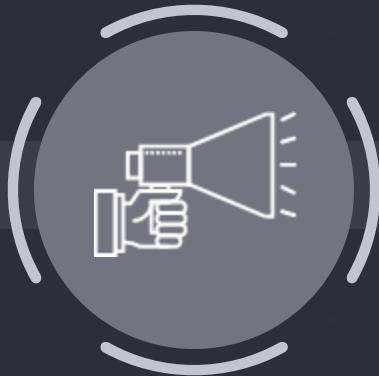


MPM definition refresher

IFRS 18 Presentation and disclosure in financial statements



Subtotals of income and expenses not specified by IFRS Accounting Standards



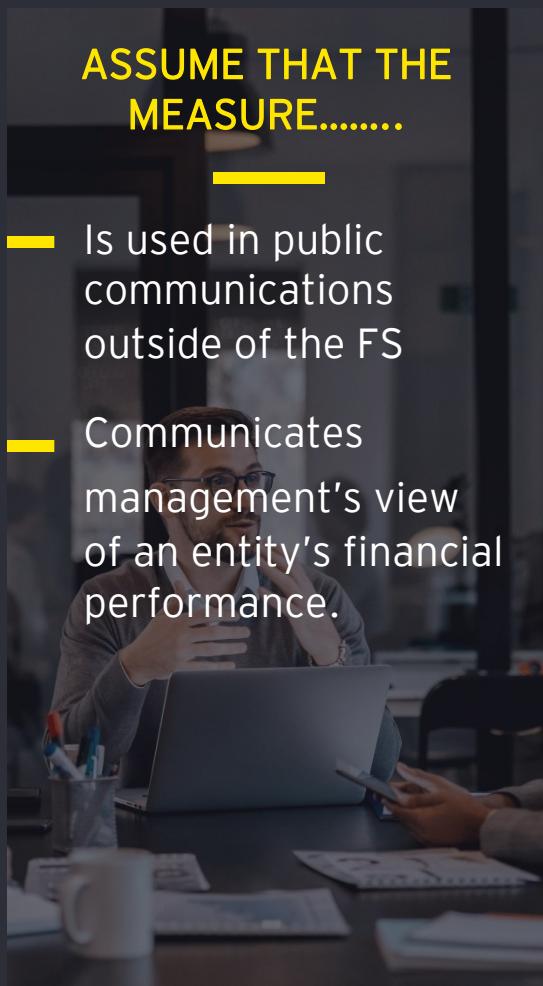
Used in public communications outside financial statements



Measures that communicate management's view of an entity's financial performance

MPM related issues/questions

IFRS 18 Presentation and disclosure in financial statements



- Is used in public communications outside of the FS
- Communicates management's view of an entity's financial performance.

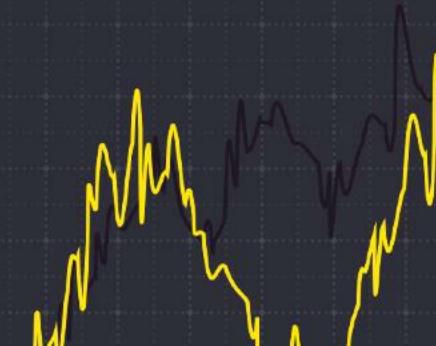
► Question: Can they meet definition of an MPM?



Profit or loss measure using an accounting policy that is not in accordance with IFRS Accounting Standards

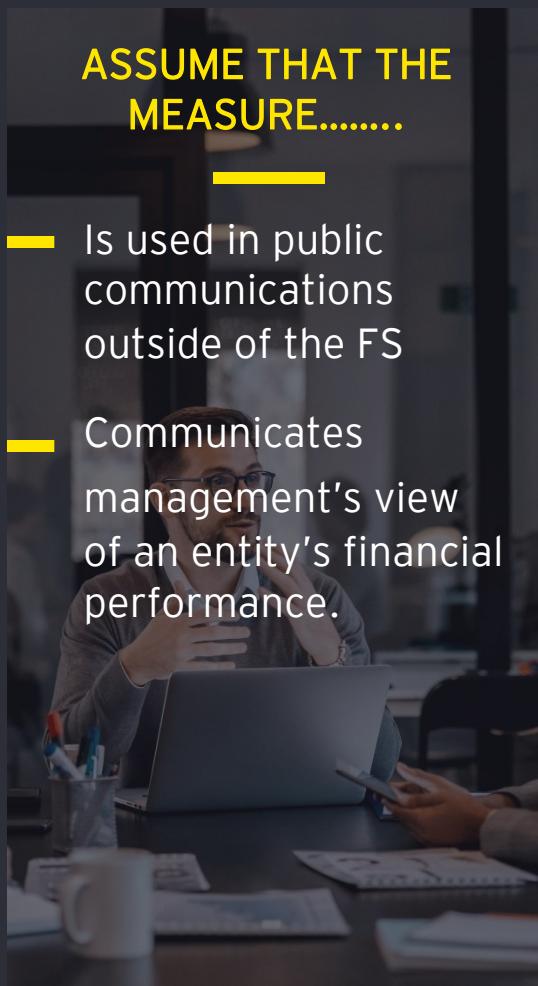
Profit or loss measure assuming hypothetical 'as if' scenarios based on specific events having not occurred

Profit or loss measure adjusted by adding rather than removing income and expenses



MPM related issues/questions

IFRS 18 Presentation and disclosure in financial statements



- Is used in public communications outside of the FS
- Communicates management's view of an entity's financial performance.

► Question: Can they meet definition of an MPM?



Subtotals included in a ratio as a numerator or denominator (and would otherwise meet the definition of MPM if it were not part of the ratio)

An expense-only subtotal that includes incidental income

MPM related issues/questions

IFRS 18 Presentation and disclosure in financial statements

The Canadian Securities Administrators (CSA) is expected to propose amendments to National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure

PUBLIC CONSULTATION

Second half of 2025

FINALIZATION

2026

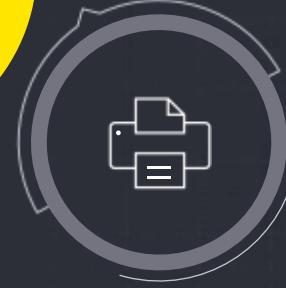
Maintain regulatory oversight



Otherwise limit extent of changes



Our understanding of the CSA's objectives



Scope before and after IFRS 18 becomes effective is the same

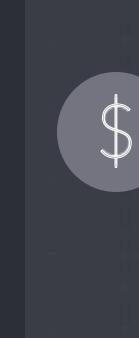
Reduce duplication

Classification refresher: Categories and subtotals in the statement of profit or loss

IFRS 18 Presentation and disclosure in financial statements

Statement of profit or loss

Revenue	
Cost of sales	
Gross profit	
Other operating income	
Selling expense	Operating
Research and development expenses	
General and administrative expenses	
Goodwill impairment loss	
Other operating expenses	
Operating profit	
Share of profit from associates and joint ventures	
Gains on disposals of associates and joint ventures	Investing
Profit before financing and income tax	
Interest expense on borrowings and lease liabilities	
Net interest expense on net defined benefit liability (or asset)	Financing
Profit before income tax	
Income tax expense	Income taxes
Profit from continuing operations	
Loss from discontinued operations	Discontinued operations
Profit for the year	



Some companies, such as banks and investment property companies, will classify income and expenses in their operating profit that other companies would classify in the investing or financing categories.



NEW ITEMS

REQUIRED ITEMS

Classification refresher: categories in the statement of profit or loss

IFRS 18 Presentation and disclosure in financial statements



Investing

- Income and expenses from assets that generate a return individually and largely independently of other resources held by an entity
- Income and expenses from investments in unconsolidated subsidiaries, associates and joint ventures accounted for using the equity method
- Income and expenses from cash and cash equivalents

Financing

- All income and expenses from Type 1 liabilities (liabilities that arise from transactions that involve only the raising of financing)
- Interest income and expenses and effects of changes in interest rates from Type 2 liabilities (other liabilities that are not Type 1 liabilities and arise while applying another IFRS standard)

Operating

- Income and expenses:
 - From an entity's main business activities
 - Not classified in other categories (residual category)
 - Also includes volatile and unusual income and expenses

Classification related issues/questions

IFRS 18 Presentation and disclosure in financial statements

Item	Category
Classification of interest income on a contract asset	Operating
Classification of interest expense on a contract liability	Financing
Classification of finance income on the net investment in a lease	Investing unless entity invests in such assets as a main business activity (operating)
Classification of operating lease income on property, plant and equipment ('PPE')	Operating or investing based on facts and circumstances

Classification related issues/questions

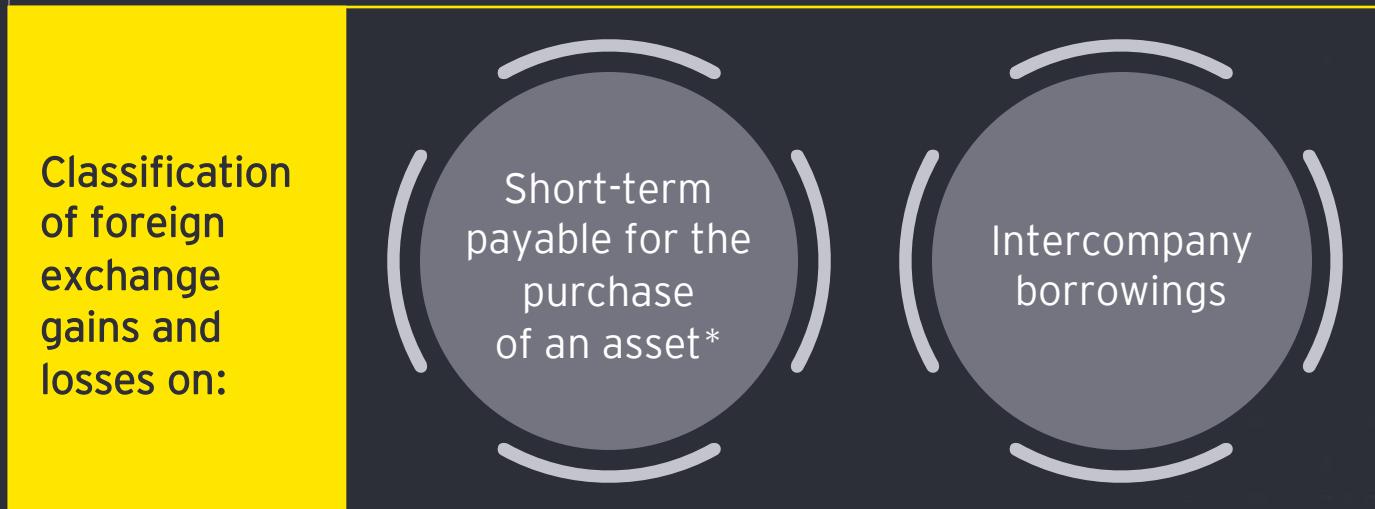
IFRS 18 Presentation and disclosure in financial statements

Basic principle for classifying foreign exchange differences:

1. Follows the category in which the related income and expenses have been classified,
2. Shall not be allocated between categories when it arises on a liability from a transaction that does not involve only the raising of finance (Type 2 liability).



If applying these requirements would involve undue cost or effort, then all such differences are classified in the operating category.



Operating?



Investing?



Financing?

*An asset that generates a return individually and largely independent of the entity's other resources.

IFRS 9 and IFRS 7 amendments

Amendments to the Classification and
Measurement of Financial Instruments



IFRS 9 and IFRS 7 amendments

Amendments to the Classification and Measurement of Financial Instruments



Recognition and derecognition of financial assets and financial liabilities

- Clarify the existing requirements for the recognition and derecognition of financial assets and liabilities



Electronic Payment Systems

- Introduce an accounting policy election (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date



Contractual cash flow characteristics

- Clarify how to assess the contractual cash flow characteristics of financial assets that include ESG linked features and other similar features
- Clarify the treatment of non-recourse assets and contractually linked instruments (CLI)



New disclosures in IFRS 7

- Introduce new disclosures for financial instruments with contingent features and equity instruments classified at FVOCI



Effective date and transition

- Effective for annual reporting periods beginning on or after January 1, 2026.
- Applied retrospectively with no requirement to restate prior periods
- Early adoption permitted, for some or all elements of the amendments

IFRS 9 and IFRS 7 amendments



Recognition and derecognition of financial assets and financial liabilities



Recognition: Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.



Derecognition of Financial Assets:

- Occurs when the entity's rights to the contractual cash flows expire or are transferred.
- Derecognition is based on the expiry of the right to receive cash.
- In the absence of having access to the cash, a confirmation from a debtor that a payment instruction has been initiated does not lead to the expiry of the right. It is only when the cash is received that such a right expires.



Derecognition of Financial Liabilities

- Occurs on the "settlement date", which is the date on which:
 - The obligations are discharged, cancelled or expire, or
 - The liability qualifies for derecognition due to modification or exchange on substantially different terms
- Unless the entity elects the electronic payment settlement option.

IFRS 9 and IFRS 7 amendments

Example: Cheque payment to settle financial liability

Company A (a customer) issues a cheque to Company B (a supplier) for \$1,000, dated 27 December 2025 and mails it to settle a financial liability. The cheque is deposited on 31 December 2025 but only and clears from Company A's bank account and into Company B's bank account on 02 January 2026 i.e., not cleared at the reporting date. Both Company A and Company B have a financial year end of December 31.

27 Dec. 2025

30 Dec. 2025

31 Dec. 2025

2 January 2026

Mailing of the cheque - payment is released by Company A

Mailed cheque received by
Company B

Financial year-end Cheque deposited by Company B

Cheque clears - payment is completed

A common current practice

After the amendments

	Company A (customer)	Company B (supplier)
27 Dec. 2025 (mailing of cheque)	DR Trade payable 1,000 CR Cash 1,000	No entry
30 Dec. 2025 (deposit of cheque)	No entry	DR Cash 1,000 CR Receivable 1.000
2 Jan. 2026 (settlement date)	No entry	No entry

	Company A (customer)	Company B (supplier)
27 Dec. 2025 (mailing of cheque)	No entry	No entry
30 Dec. 2025 (deposit of cheque)	No entry	No entry
2 Jan. 2026 (settlement date)	DR Trade payable 1,000 CR Cash 1,000	DR Cash 1,000 CR Receivable 1,000

How will the amendments impact current practice?

- Change in practice for the recognition or derecognition of a financial asset or financial liability
- The amendments create a difference from US GAAP for in-transit payments

IFRS 9 and IFRS 7 amendments



Example: Cheque payment to settle financial liability



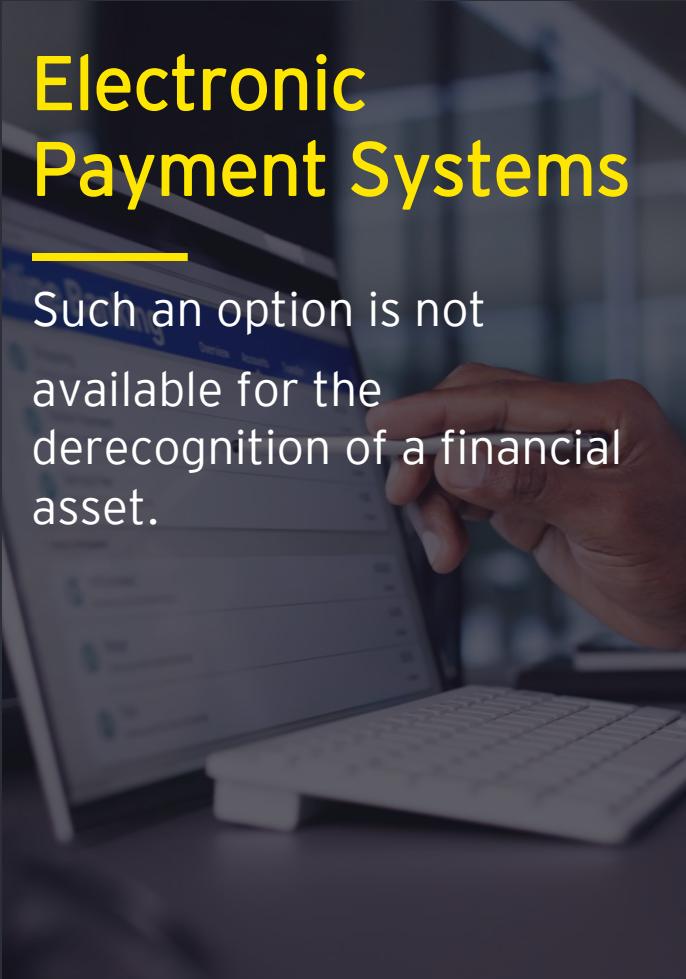
Practical challenges to consider:

- ★ Banking system time lag between the deposit of a cheque and the recipient's ability to access the cash (i.e. bank hold period)
 - Company A does not have the information to determine when the cash reaches Company B's bank account and when Company B gains access to the cash
 - Company B will see the deposited cheque in their bank records, but may not have clarity as to when the bank hold is released and Company B gains access to the cash
- ★ Consideration of presentation and disclosure
 - Company A should consider how to present / disclose cash balances
 - Company B should consider how to present / disclose balances subject to hold

IFRS 9 and IFRS 7 amendments

Electronic Payment Systems

Such an option is not available for the derecognition of a financial asset.



Accounting policy election for derecognition of financial liabilities that are settled through an electronic payment system **prior to the settlement date**.



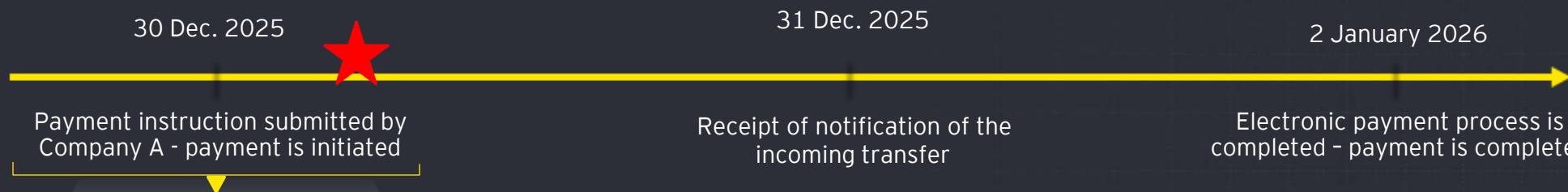
This election is available if all of the following criteria are met:

- The entity has no practical ability to withdraw, stop or cancel the payment instruction;
- The entity has no practical ability to access the cash to be used for settlement; and
- The settlement risk associated with the electronic payment system is insignificant:
 - Completion of the payment instruction follows a standard administrative process
 - Delivery time to counterparty is short

IFRS 9 and IFRS 7 amendments

Example : Electronic payment to settle financial liability

Company A (a customer) submits a payment through an electronic payment system to Company B (a supplier) for \$1,000 on 30 December 2025, to settle its financial liability. At the time of payment instruction, Company A's bank balance is reduced. The payment will be credited to Company B's bank account in two business days and Company B receives notification of the incoming transfer on December 31, 2025. Both Company A and Company B have a financial year end of December 31.



Upon payment initiation (30 Dec. 2025):	Company A has no practical ability to cancel the payment	Company A has no practical ability to access the \$1,000	Settlement risk associated with the payment system is insignificant
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A common current practice

	Company A	Company B
30. Dec. 2025	DR Trade payable 1,000 CR Cash 1,000	No entry
31. Dec. 2025	No entry	DR Cash 1,000 CR Receivable from customer 1,000
2. Jan. 2026	No entry	No entry

After the amendments - election is used

	Company A	Company B
30. Dec. 2025	DR Trade payable 1,000 CR Cash 1,000	No entry
31. Dec. 2025	No entry	No entry
2. Jan. 2026	No entry	DR Cash 1,000 CR Receivable from customer 1,000

After the amendments - election is not used

	Company A	Company B
30. Dec. 2025	No entry	No entry
31. Dec. 2025	No entry	No entry
2. Jan. 2026	DR Trade payable 1,000 CR Restricted Cash 1,000	DR Cash 1,000 CR Receivable from customer 1,000

IFRS 9 and IFRS 7 amendments

Accounting and Process Implications of the Amendments:

Other practical challenges when applying the Amendments

- Bank reconciliations: Bank statements are generally prepared based on the trade date, while the amendments emphasize settlement date accounting
- Batch entries: A single journal entry may encompass multiple payments via different means, including cheque and electronic payment systems
- Companies may use multiple electronic payment systems (including for cross border payments), each of which will require assessment for election
- Applying the exception to only some but not all settlement systems/mechanisms may create more complexity
- Inter-company balances: Exercise of electronic payments option could lead to inconsistencies in the accounting for inter-company payables and receivables
- Accounting policy election introduces a new area of judgment in determining whether an entity has no practical ability to withdraw, stop or cancel the payment instruction



Assessment of electronic payment systems

- Prepare an inventory of electronic payment systems used, including a detailed description of each electronic payment system and the jurisdictions in which the payment systems operate
- Understand the policies and rules governing each payment system, particularly the cut-off times at which a payment instruction can no longer be withdrawn or canceled.
- Analyze the specific settlement risk associated with the electronic payment system, particularly for entities that operate multi-jurisdictionally or have cross- border payments.
- Examine administrative processes, focusing on the timeframe between when the entity loses the practical ability to withdraw, stop or cancel the payment instruction, and when the cash is actually delivered to the counterparty.
- Examine financial reporting systems and processes, such as bank reconciliations.



IFRS 9 and IFRS 7 amendments



EY's Applying IFRS

How classification and measurement under IFRS 9
has changed

November 2024



Questions?



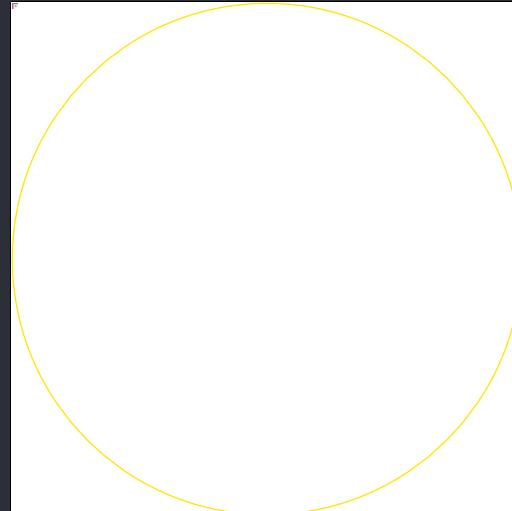
Jeff Glassford

Partner, Professional Practice



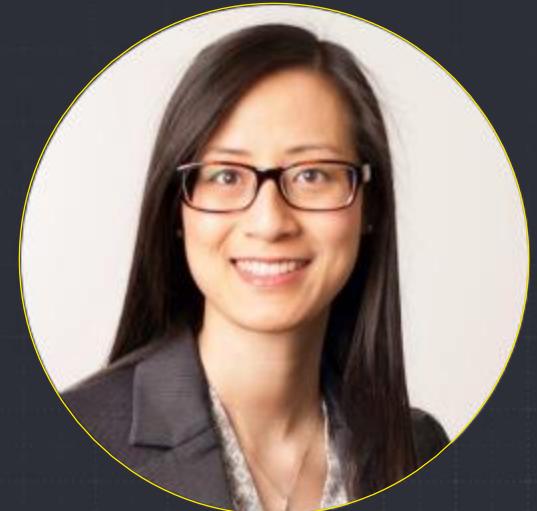
Scott Kerr

Partner, Professional Practice



Lara Iob

Partner, Professional Practice



Juliana Mok

Partner, Professional Practice

APPENDIX A

IASB Workplan (as of April 30, 2025)



IASB Workplan: Completed projects

Topic		Related Standard	Effective date
	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	IFRS 9, IFRS 7	January 1, 2026
	Power Purchase Agreements	IFRS 9, IFRS 7	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	Cost Method (Amendments to IAS 7)	IAS 7	January 1, 2026
	Derecognition of Lease Liabilities (Amendments to IFRS 9)	IFRS 9	January 1, 2026
	Determination of a 'De Facto Agent' (Amendments to IFRS 10)	IFRS 10	January 1, 2026
	Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7)	IFRS 7	January 1, 2026
	Gain or Loss on Derecognition (Amendments to IFRS 7)	IFRS 7	January 1, 2026
	Hedge Accounting by a First-time Adopter (Amendments to IFRS 1)	IFRS 1	January 1, 2026
	Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7)	IFRS 7	January 1, 2026
	Transaction Price (Amendments to IFRS 9)	IFRS 9	January 1, 2026
	Presentation and Disclosure in Financial Statements	IFRS 18	January 1, 2027
	Subsidiaries without Public Accountability: Disclosures	IFRS 19	January 1, 2027
	Second Comprehensive Review of the IFRS for SMEs Accounting Standard	IFRS for SMEs	January 1, 2027

IASB Workplan: Standard-Setting projects

Topic	Next milestone	Expected date
Equity Method	Exposure Draft	May 2025
	Feedback	
Management Commentary	Final Revised Practice Statement	June 2025
Dynamic Risk Management	Exposure Draft	H2 2025
Rate-regulated Activities	IFRS Accounting Standard	H2 2025
Financial Instruments with Characteristics of Equity (FICE)	Final Amendments	2026
Business Combinations - Disclosures, Goodwill and Impairment	Decide Project Direction	2026

IASB Workplan: Maintenance projects

Topic	Next milestone	Expected date
Climate-related and Other Uncertainties in the Financial Statements	Decide Project Direction	May 2025
Translation to a Hyperinflationary Presentation Currency (IAS 21)	Exposure Draft Feedback	May 2025
Updating IFRS 19 Subsidiaries without Public Accountability: Disclosures	Final Amendment	Q3 2025
Provisions - Targeted Improvements	Exposure Draft Feedback	June 2025

IASB Workplan: Research projects

Topic	Next milestone	Expected date
Intangible Assets	Decide Project Direction	May 2025
Statement of Cash Flows and Related Matters	Decide Project Direction	May 2025
Post-implementation Review of IFRS 16 Leases	Request for Information Decide Project	June 2025
Amortised Cost Measurement	Direction	H1 2026

APPENDIX B

IASB Workplan Updates:
Status of Selected
Exposure Drafts and Other Projects



IASB Workplan updates: Exposure drafts and other projects

Business Combinations –
Disclosures, Goodwill and
Impairment



Provisions – Targeted
Improvements



Equity method

Exposure draft: Business combinations - Disclosures, Goodwill and impairment

Overview



The IASB is proposing amendments to the disclosure requirements in IFRS 3 and to the impairment test in IAS 36.



The objective is to provide users with additional information about the performance of a business combination and improve the timeliness of recognizing impairment losses on goodwill.

IFRS 3

The proposals are introduced as part of a standard-setting project on business combinations that aims to explore whether entities can, at a reasonable cost, provide users with more useful information about business combinations.

IAS 36

IAS 36: The proposals are aimed to improve the timeliness of impairment losses on goodwill by:

- Providing guidance on allocating goodwill between CGU's
- Additional disclosure requirements
- Simplifying the calculation of VIU

The proposed changes will impact entities that:

Enter into a business combination; and/or

Perform an impairment test

Exposure draft: Business combinations - Disclosures, Goodwill and impairment

Overview



Proposed additional financial statement disclosure requirements for all material acquisitions

- At acquisition date - strategic rationale (i.e., reason for acquisition that is aligned with entity's overall business strategy) and expected synergies for acquisition
- Specify each category of expected synergies (for example, revenue, cost and other) and for each category disclose:
 - Estimated amounts or ranges
 - Estimated cost or range to achieve the synergies
 - Time expected to start and how long expected to last



Proposed additional financial statement disclosure requirements for all strategic acquisitions

- Additional information about the performance of business combinations, specifically, information about the entity's acquisition-date **key objectives** and **targets** and the extent to which those key objectives and targets are met in subsequent periods
- Information about actual performance
- Statement of whether actual performance is meeting/has met key objectives and targets

Exposure draft: Business combinations - Disclosures, Goodwill and impairment

IFRS 3 Proposed amendments - Highlights

Strategic business combination (any of the following apply)

Quantitative

Acquiree's operating profit
≥
10% of Acquirer's operating profit

Acquiree's revenue
≥
10% of Acquirer's revenue

Assets acquired (including goodwill)
≥
10% of Acquirer's total assets

Qualitative

The business combination resulted in the acquirer entering into a new major line of business or geographic area



The disclosure requirements would be based off of information Key Management Personnel (KMP) use to review strategic acquisitions rather than a list of specified information because:



KMP are assumed to review the acquisition's performance



Objectives for acquisitions are usually company specific



Exemptions - An entity must be able to describe a specific reason for not disclosing an item of information that identifies the seriously prejudicial effect the entity expects to result from disclosing the information.

Exposure draft: Business combinations - Disclosures, Goodwill and impairment

IAS 36 Proposed amendments - Highlights

Impairment losses not recognized in a timely manner



Reducing Shielding

- Amendments proposed to IAS 36.80 to clarify that each CGU or group of CGUs to which goodwill is allocated shall represent the lowest level within the entity at which the business associated with the goodwill is monitored for internal management purposes

Impairment test too costly or complex



Management over-optimism

- Add disclosure requirements regarding the reportable segments in which a CGU or a group of CGU's containing goodwill is included



Value in use

- Remove constraints on cashflows used in VIU calculation
- Removal of the requirement to use pre-tax cashflows and pre-tax discount rate

Additionally, IASB reiterated that it will not be proposing to amortize goodwill and will instead retain the impairment-only model

Exposure draft: Provisions

IAS 37 - Present obligation recognition criteria

The present obligation recognition criterion



Updating the definition of a liability in IAS 37 Provisions, Contingent Liabilities and Contingent Assets to align it with the definition in the Conceptual Framework for Financial Reporting (paragraph 10);

Original Definition

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

Proposed Definition

A liability is a present obligation of the entity to transfer an economic resource as a result of past events.



Present obligation - broken down into three distinct conditions - obligation, transfer and past-event

Impact for preparers - The largest impact is expected to be on the timing of recognition of levies

Exposure draft: Provisions

IAS 37 - Measuring a provision



Costs to include in measuring a provision

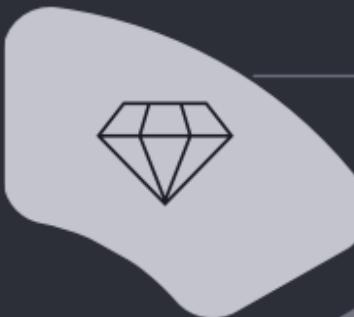
- Incremental costs of settling the obligation
- Allocation of other costs that relate directly to settling obligations of that type

Discount Rate Requirements

- Time value of money - using the risk-free rate
- Risk in expenditure required to settle the obligation (if not already reflected in expected cash flows)
- Does not include non-performance risk

Exposure draft: Equity method of accounting

IAS 28 - Proposed amendments



Initial recognition

- Measure the cost of an associate or joint venture at the fair value of the consideration transferred including the fair value of any previously held ownership interest and contingent consideration. Contingent consideration classified as a liability would be remeasured at each reporting date with changes recognised in profit or loss.



Change in ownership (while maintaining sign. influence)

- Purchase - Layered approach. Recognise the additional ownership interest at the fair value of consideration transferred. Add the additional share of the fair value of the associate or joint venture's identifiable assets and liabilities at the date of purchase, including the related deferred tax effects, in the notional purchase price allocation.
- Disposals - measure the disposed portion as a percentage of the carrying amount of the investment at the date of disposal and recognise the difference as a gain or loss in P&L



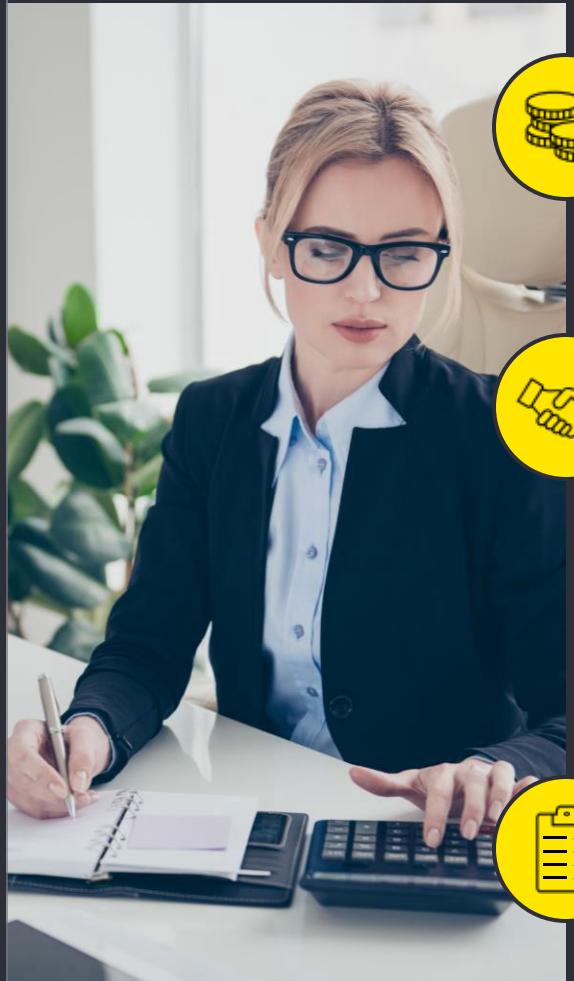
Share of profit or loss and other comprehensive income

If an investor or joint venturer has recognised its share of losses and reduced its investment in an associate or joint venture to nil, then the following apply:

- No requirement for catch up losses when purchasing an additional interest
- Recognize separately its share of profit or loss and other comprehensive income

Exposure draft: Equity method of accounting

IAS 28 - Proposed amendments



Transactions with associates and joint ventures

- Recognize full gain or loss from all transactions with associates and joint ventures

Clarification of impairment indicators

Related to decline in fair value as an indicator of impairment.

- Replacing the reference to 'cost' with 'carrying amount'
- Removing reference to 'significant or prolonged decline' in the fair value of an investment

Additional Disclosures

- Reconciliation between opening and closing carrying amount of investments

Illustrative examples

Application of the equity method on obtaining significant influence and purchase an additional interest

Other changes in an investor's ownership interest

Recognising an investor's share of losses

Appendix C

AcSB - Recent IFRS Discussion Group Topics



Recent IFRS Discussion group topics (May 2024 to May 2025)

Topic	Meeting date
Financial reporting considerations related to tariffs Discuss various financial reporting issues related to tariffs that may impact an entity's annual or interim financial reporting	May 2025
IFRS 18: Disclosures about management-defined performance measures (MPMs) Discuss factors an entity might consider when determining whether a reported metric qualifies as an MPM under IFRS 18 Presentation and Disclosure in Financial Statements.	May 2025
IFRS 19: Subsidiaries without public accountability Discuss key aspects of IFRS 19 Subsidiaries without Public Accountability: Disclosures, including the eligibility requirements, the reduced disclosure requirements, and other application considerations	May 2025
IFRS 9: Accounting for Debt Modifications - Helpful Reminders Discuss various accounting considerations associated with the modification of debt arrangements in the scope of IFRS 9, Financial Instruments.	December 2024
Year-end Financial Reporting Reminders Discuss various financial reporting matters that entities should consider when preparing for their upcoming year-end.	December 2024

Recent IFRS Discussion group topics (May 2024 to May 2025)

Topic	Meeting date
IFRS 9 and IFRS 16: Distinguishing between a Lease Modification and an Extinguishment of a Lease Liability Discuss whether, following the amendment to paragraph 2.1(b)(ii) of IFRS 9, Financial Instruments, issued in July 2024, the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16, Leases, apply for lessees when there is a change in consideration payable.	September 2024
IFRS 18: Education Session Overview of the key requirements in IFRS 18, Presentation and Disclosure in Financial Statements.	September 2024
IFRS 18: Implementation Issues Discuss the implications of adopting IFRS 18 on an entity's financial statements, including early observations and application challenges, as well as system and process changes to consider as the effective date approaches.	September 2024
IFRS 9: Derecognition of Financial Liabilities Settled Using Electronic Payment Systems Discuss the scope of the May 2024 amendments to IFRS 9 pertaining to the timing of the de-recognition of financial liabilities that are settled using electronic payment systems.	September 2024
IFRS 8: Disclosure of Revenue and Expenses for Reportable Segments Discuss the IFRS Interpretations Committee's agenda decision published in July 2024 about how an entity applies the requirements in paragraph 23 of IFRS 8, Operating Segments, to disclose for each reportable segment specified amounts related to segment profit or loss by an entity. The discussion will primarily focus on the extent of disclosure required by paragraph 23(f) on material items of income and expense.	September 2024

Recent IFRS Discussion group topics (May 2024 to May 2025)

Topic	Meeting date
IAS 12: Accounting for Deferred Tax Assets under OECD Pillar Two GloBE Rules Discuss the accounting for deferred tax assets when an entity is required to comply with Pillar Two GloBE Rules.	May 2024
IAS 36: Assessment of Cash Generating Units (CGUs) in a Production Facility with Multiple Production Lines When One of the Products Has a Declining Market Demand Discuss the assessment of CGUs in a production facility with multiple production lines when one of the products has a declining market demand. This discussion will focus on identifying CGUs, allocating corporate assets, and other accounting implications.	May 2024

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