



Financial Reporting Update

November 2025



The better the question. The better the answer. The better the world works.



Shape the future
with confidence

Agenda

1

New IFRS
Accounting
Standards and
amendments
effective
January 2025
and beyond

2

Other
accounting
developments

3

Regulator
update

4

ESG update

A large commercial airplane is shown from a rear perspective, positioned on a runway. The aircraft is angled upwards, suggesting it is either taking off or landing. The sky is filled with warm, golden-orange clouds, and the horizon shows a city skyline. The airplane's shadow is cast onto the dark, textured surface of the runway in front of it.

01

New IFRS Accounting Standards and amendments
effective January 2025 and beyond

New IFRS Accounting Standards and amendments effective January 2025 and beyond

New pronouncement	Effective date: 1 January
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability</i>	2025
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments</i>	2026
Annual Improvements to IFRS Accounting Standards: Volume 11	2026
Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity	2026
IFRS 18: <i>Presentation and Disclosure in Financial Statements</i>	2027
IFRS 19: <i>Subsidiaries without Public Accountability Disclosures</i>	2027



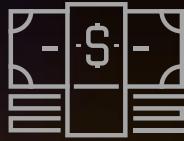
Classification and Measurement of Financial Instruments: Amendments to IFRS 9 and IFRS 7

Amendments to IFRS 9: Derecognition

2026



Apply **settlement date** accounting on derecognition of a financial asset



For a financial liability settled using an electronic payment system, an entity can make an **accounting policy choice** to derecognise the liability before settlement date

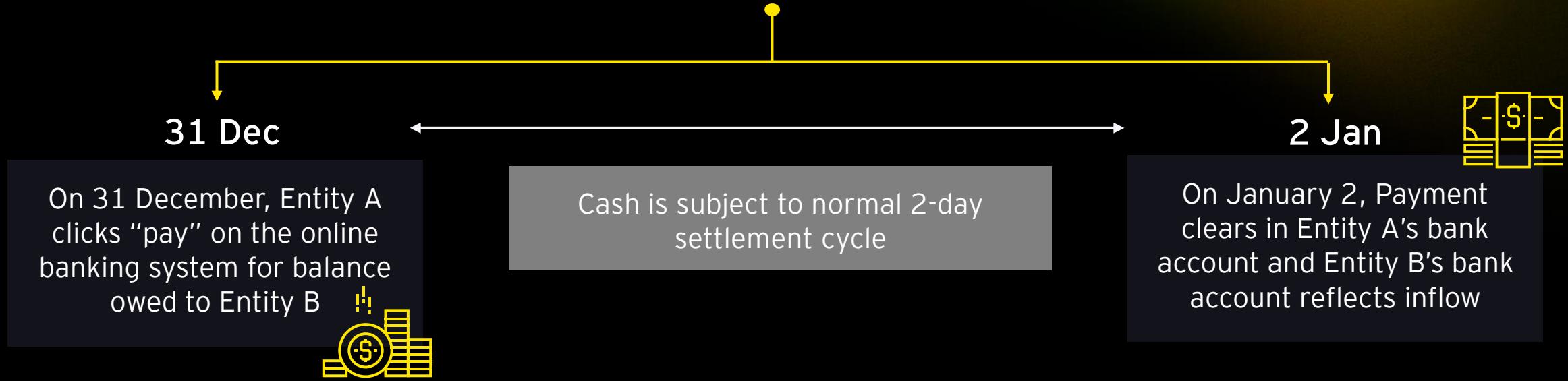
Made using
electronic
payment system



To be applied **consistently**
for all payments using
that electronic payment
system

Settlement date accounting means the financial asset or financial liability is not derecognised until the **cash has arrived in the recipient's bank account** and is available for their use

Settling financial liabilities using an electronic payment system



Q

When should Entity A derecognise the financial liability?

- a) 31 December
- b) 2 January
- c) It depends

The following conditions need to be met for a financial liability to be derecognised before settlement date:



No practical ability
to withdraw, stop
or cancel

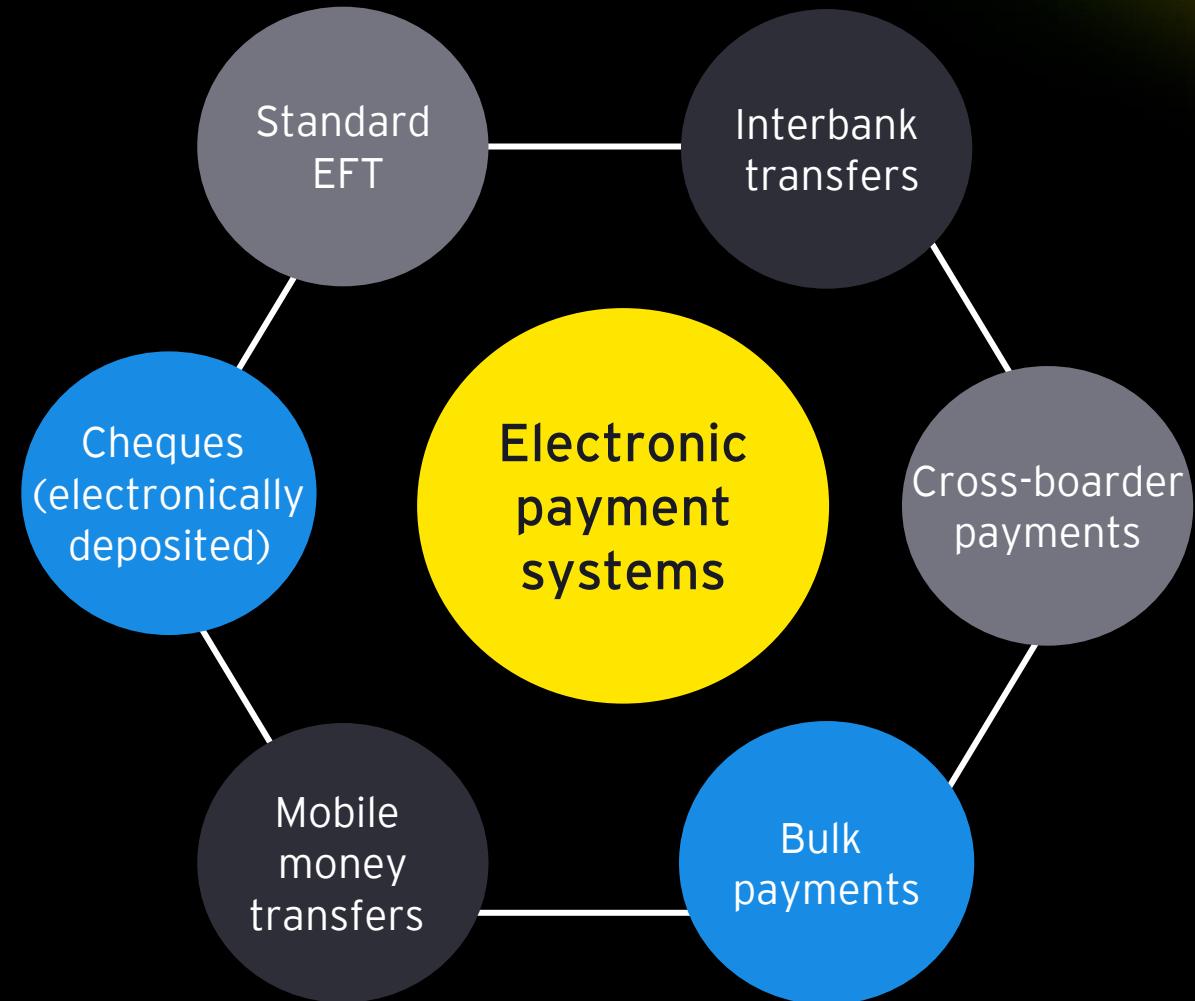


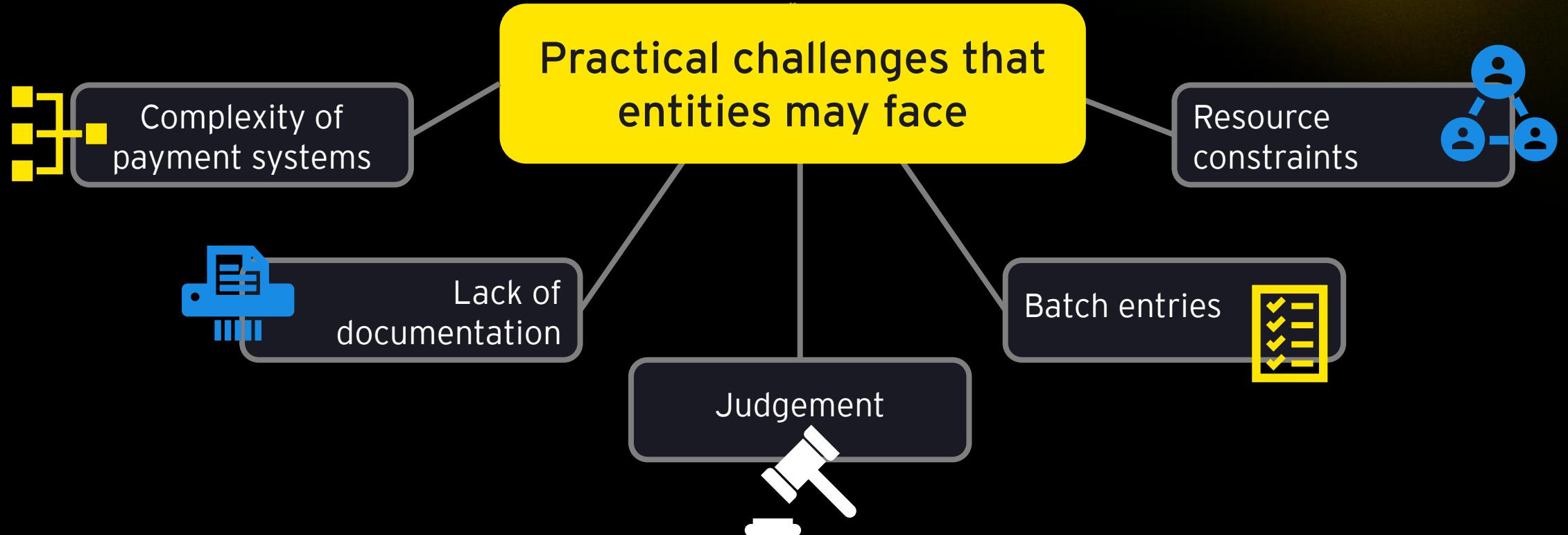
No practical
ability to access
the cash



Settlement risk is
insignificant

Will your business be impacted by this amendment?





Changes from initial application shall be recognised as **adjustments** to the opening balance of the financial assets and liabilities, with cumulative effect reflected as an adjustment to the opening balance of retained earnings

- ▶ **Restatement** of prior periods is **not** required
- ▶ Restatement is **permitted** only if it can be achieved without hindsight
- ▶ **Early adoption** is permitted





Contracts Referencing Nature-dependent Electricity: Amendments to IFRS 9 and IFRS 7

Contracts referencing nature-dependent electricity ('NDE')

Amendments

Own-use exception

- ▶ The sale of unused NDE will be in accordance with an entity's expected purchase / usage requirements if the entity has been, and expects to be:
 - a '**net purchaser of electricity**'...
 - over '**a reasonable amount of time**'
- ▶ **Out of scope of IFRS 9 and treated as an executory contract**

Hedge accounting

Allows an entity to **designate a variable nominal amount of forecast electricity transactions as the hedged item**, if specified criteria are met

Contracts referencing nature-dependent electricity ('NDE') (cont.)

Single note disclosure required for NDE contracts excluded from IFRS 9:

1

Information about the contractual features that expose the entity to:

- ▶ **Variability**
- ▶ **Risk**



2

Information about **unrecognised contractual commitments** including:

- ▶ The estimated **future cash flows**; and
- ▶ Qualitative information about identifying **onerous contracts**

3

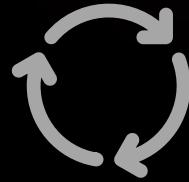
Information about the effects on the **financial performance**, including:

- ▶ **Costs from purchases of electricity and electricity made to offset sales of unused electricity**
- ▶ **The proceeds arising from sales of unused electricity**



IFRS 18: Presentation and Disclosure in Financial Statements

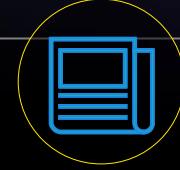
Key changes



Replaces
IAS 1
Presentation of Financial Statements



New categories and required subtotals in statement of profit or loss



Disclosures about management-defined performance measures (MPMs)



Enhanced requirements on labelling, aggregation and disaggregation



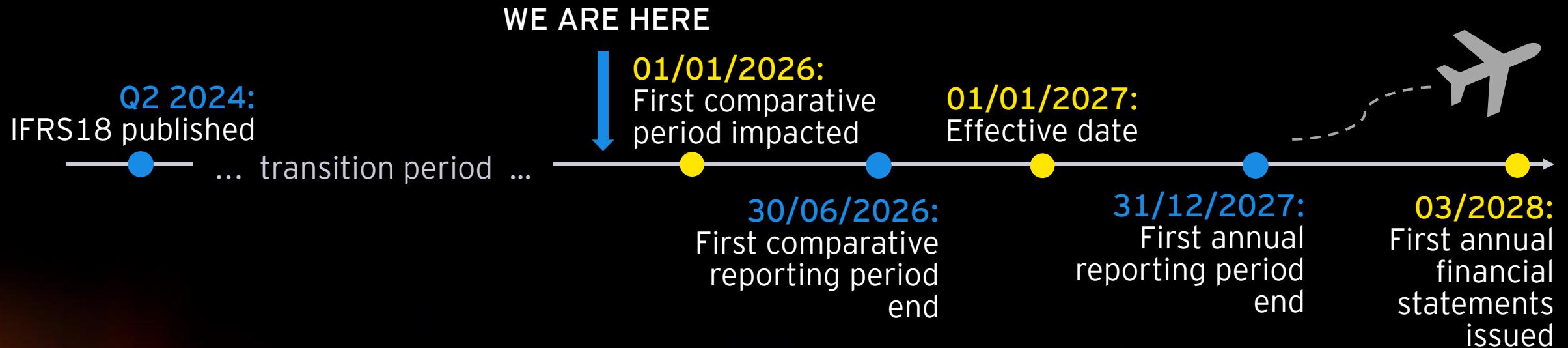
Objective



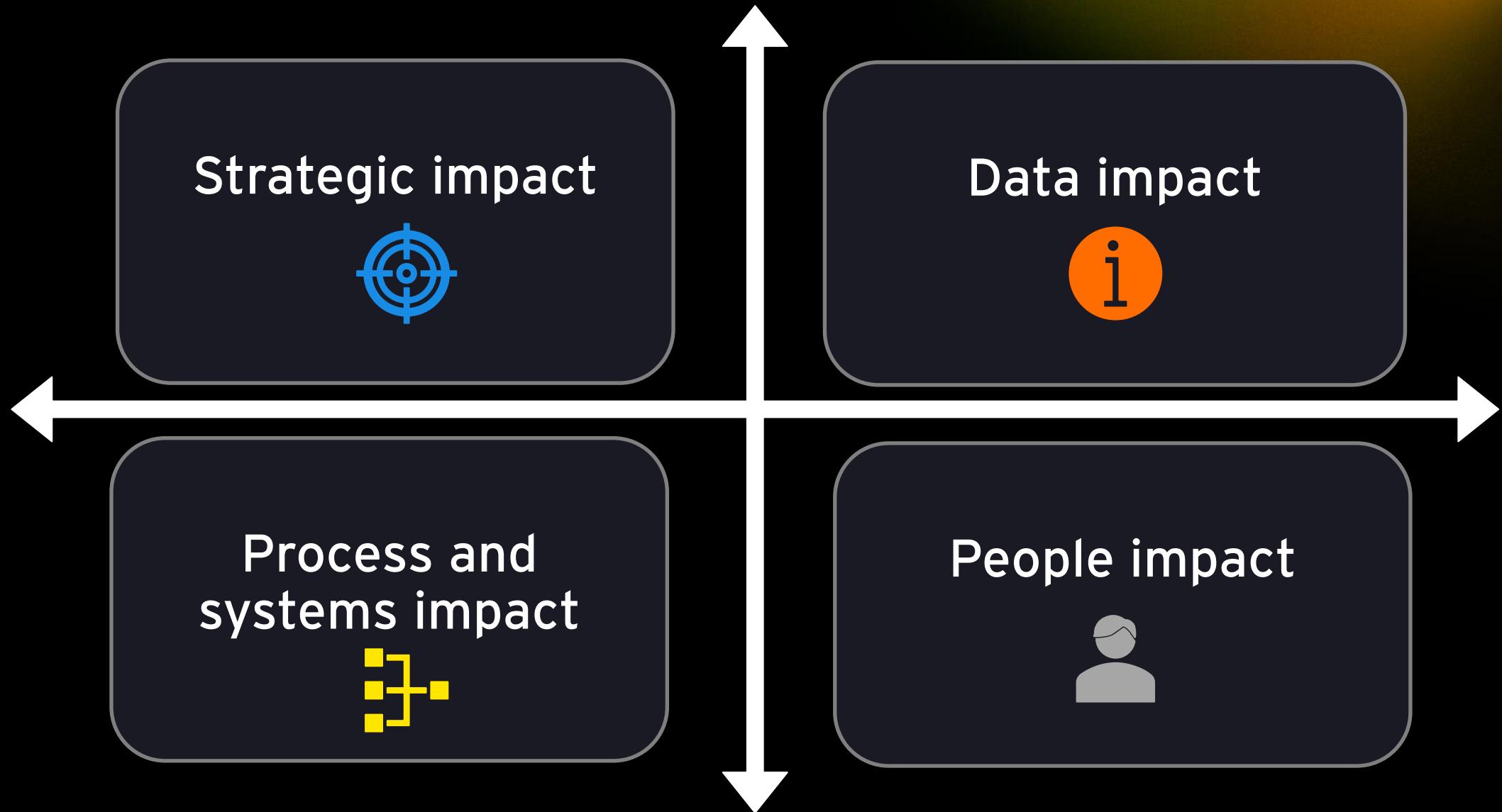
- Improve how information is communicated with a focus on information about performance in the statement of profit or loss
- To reduce the presentation choices and remove inconsistencies in entities' reporting

Effective date and transition

2027



- Applied retrospectively with a reconciliation of restated IFRS 18 vs. IAS 1 line-items
- Interims in the first year of adoption: Same headings and subtotals expected to be used by IFRS 18



Statement of profit or loss: New categories and subtotals

2027

Revenue	
Cost of sales	
Gross profit	
Other operating income	
Selling expense	
Research and development expenses	
General and administrative expenses	
Goodwill impairment loss	
Other operating expenses	
Operating profit	
Share of the profit from associates and joint ventures	
Gains on disposals of associates and joint ventures	
Profit before financing and income tax	
Interest expense on borrowings and lease liabilities	
Interest expense on pension liabilities	
Profit before income tax	
Income tax expense	
Profit from continuing operations	
Loss from discontinued operations	
Profit for the year	

Some companies, such as insurers, 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.

This will allow such entities to report key performance metrics within the operating section.



NEW ITEMS

Required items

New categories of income and expense

2027

What is included in the operating category?

Income and expenses

- From an entity's main business activities
- Not classified in Investing or Financing categories
- Also includes volatile and unusual income and expenses

Provides a picture of the entity's operations and is considered as a residual category

What is included in the investing category?

Income and expenses arising from assets that generate a return, for example, individually and largely independently of other resources held by an entity

- Rental income from, and remeasurements of, investment property
- Interest income and fair value changes on financial assets
- Dividends and fair value changes on financial instrument investments

Income and expenses from investments in associates, joint ventures and unconsolidated subsidiaries

Income and expenses from cash and cash equivalents

What is included in the financing category?

All income and expenses from transactions that involve only the raising of finance

- Income or expenses on bank loans

Interest expense and effects of changes in interest rates from other liabilities

- Interest expenses on lease liabilities
- Interest on defined benefit obligations

Potentially moves to operating if:

- MBA of investing in assets
- MBA of providing finance to customers

New categories of income and expense (cont.)

2027

What is included in the operating category?

Income and expenses

- From main business activities
- Not classified in Investing or Financing categories
- Includes volatile and unusual income and expenses
- Provides a picture of the entity's operations
- Considered as a residual category

Income and expenses arising from assets that generate a return

Income and expenses from cash and cash equivalents

All income and expenses from transactions that involve only the raising of finance

What is included in the investing category?

Income and expenses from investments in associates, joint ventures and unconsolidated subsidiaries

What is included in the financing category?

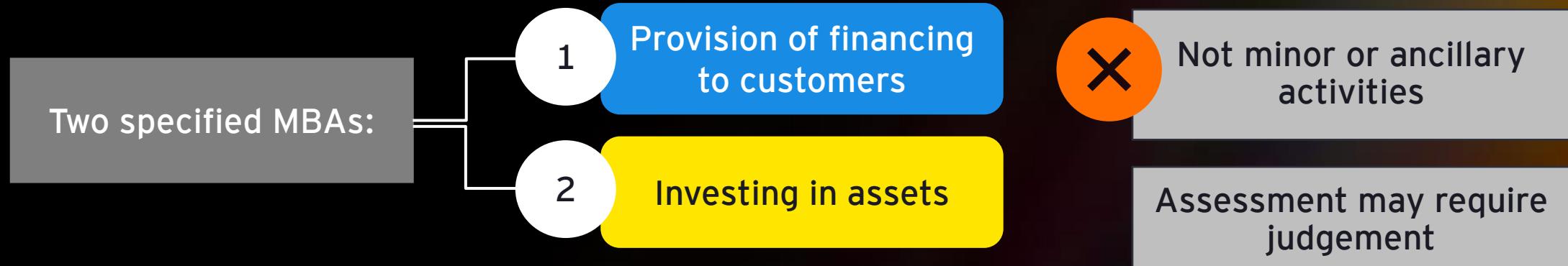
Interest expense and effects of changes in interest rates from other liabilities

- Interest expenses on lease liabilities
- Interest on defined benefit obligations

Potentially moves to operating if:

- MBA of investing in assets
- MBA of providing finance to customers

Main Business Activities ('MBAs'): Practical considerations



Whether an entity has specified main business activities

- Matter of fact and **not merely an assertion**
- Based on **observable evidence** to the extent available
- Assessed for the **reporting entity as a whole**

Key determinant:

- Use of a **subtotal similar to gross profit as a performance indicator** which includes items normally classified as **investing or financing**

If an entity applies IFRS 8:

- **Segment information** may also provide evidence of the main business activity



The assessment is a continuous one and may change over time

Q

Does a relatively small reportable segment that invests in investment property result in the entity having a MBA of investing in assets?

A

If the entity has a separate reportable or operating segment, which comprises of a single business activity, this could indicate the performance of this segment is an important indicator of the entity's performance and thus could be a MBA.



Q

How does 'main business activity' impact parent vs group entities?



A

- ▶ The assessment needs to be made at a **reporting entity level**
- ▶ MBA may vary between parents and subsidiaries
- ▶ In separate financial statements, the holding company may have a different MBA to that of the group upon consolidation

General rule:

Classification follows the category in which the related income and expenses have been classified, unless doing so would involve undue cost or effort, in which case all would be classified in the operating category

Examples:

Trade receivable	Operating category
Arising from a debt instrument liability (to be settled in cash)	Financing category if the related interest expense on that liability is classified in the financing category
Foreign purchased services with extended credit terms	Judgement is required to allocate the foreign exchange difference entirely to one category



Classification of income and expenses related to investment properties

2027

Fact pattern

- Entity A holds investment property which generates rental income and is measured at fair value
- Entity A incurs various expenses in running the property (e.g. maintenance, council taxes and the cost of supplies)
- Entity A does not have a main business activity of investing in assets



Q

Applying IFRS 18, how should Entity A classify the related incomes and expenses associated with the investment property in the statement of profit or loss?

Classification of income and expenses related to investment properties

2027

A

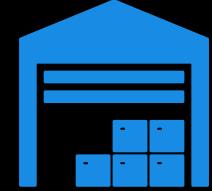
Only specific items of income and expense are included in the investing category (with the remainder in the operating category).

Investing category 	Income generated by the investment property	<i>IFRS 18.54</i>
	Incremental expenses directly attributable to the acquisition and disposal	
	Income and expenses that arise from the initial and subsequent measurement	
	Upon disposal, any income / expense that will result from derecognition	
Operating category 	Expenses directly incurred to operate the property will be included within the operating category	

Classification of income and expenses related to property, plant and equipment (PPE)

Q

How is rental income from PPE leased out under an operating lease classified in profit or loss by a lessor (assume no specified MBA)?



Investing.

In a lease situation, the operating lease income represents income generated by the asset independently.

A

Management-defined performance measures (MPMs): Definition

2027



Subtotals of income and expenses not listed in IFRS 18.118 or specifically required by IFRS Accounting Standards



Used in public communications outside financial statements



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

MPMs: A subset of alternative performance measures

Performance measures

Financial performance measures

Subtotals of income & expenses

MPMs

- Adjusted profit or loss
- Adjusted operating profit
- Adjusted EBITDA

IFRS-defined / specified

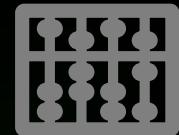
- Operating profit
- Operating profit before depreciation amortisation and specified impairments

Other measures that are not subtotals of income and expenses

- Free cash flow
- Return on equity
- Net debt
- Adjusted revenue

Non-financial performance measures

- Number of subscribers
- Customer satisfaction score
- Store surface



Source: ifrs.org

Application of MPM definition: Subtotal used in a ratio

2027

Entity A uses a ratio as a KPI, used to describe management's view of the entity's performance, in its public communications outside the financial statements being:

$$\frac{\text{Adjusted net income (profit excluding once-off income and expenses)}}{\text{Equity}}$$

Only the **formula** used to derive the KPI is **disclosed**, not the **value** of the numerator.

The numerator is not a subtotal included within IFRS 18.118's list of excluded subtotals, nor is it a subtotal specifically required by an IFRS Accounting Standard.

Q

Does the numerator (rather than the ratio itself) meet the definition of an MPM and require MPM disclosure?

Application of MPM definition: Subtotal used in a ratio

2027

A

*"A financial ratio is not a management-defined performance measure because it is not a subtotal of income and expenses. However, **a subtotal that is the numerator or denominator** in a financial ratio is a management-defined performance measure if the subtotal would meet the definition of a management-defined performance measure if it were not part of a ratio. Accordingly, an entity shall apply the disclosure requirements in paragraphs 121-125 to such a numerator or denominator."* [IFRS 18.B117]

Disclosure requirements for MPMs

- Disclosure in a **single note** to the financial statements, including:
- Description/justification** of each MPM:
 - How it communicates management's point of view
 - Information on the method of calculation
- Reconciliation** between the MPM and the comparable (sub)total in accordance with IFRS accounting standards
- Income tax effect** and effect on **non-controlling interests** for each item in the reconciliation
- Description of how the tax effect was determined**



In the audited section of the AFS

Reconciliation

Management-defined performance measures 20X2 (in thousands of CU)			
	Income tax expense:	Profit attributable to NCI	
Operating profit (IFRS-specified)	57,000		
Gains on disposal of property, plant and equipment (included in 'Other operating income')	(1,800)	297	-
Impairment losses:			
▪ Included in 'Research and development expenses'	6,100	-	305
▪ Included in 'Goodwill impairment loss'	1,600		
	4,500		
Restructuring expense (included in 'General and administrative expenses')	3,800	(589)	161
Adjusted operating profit (MPM)	65,100		

Description of how the tax effect was determined

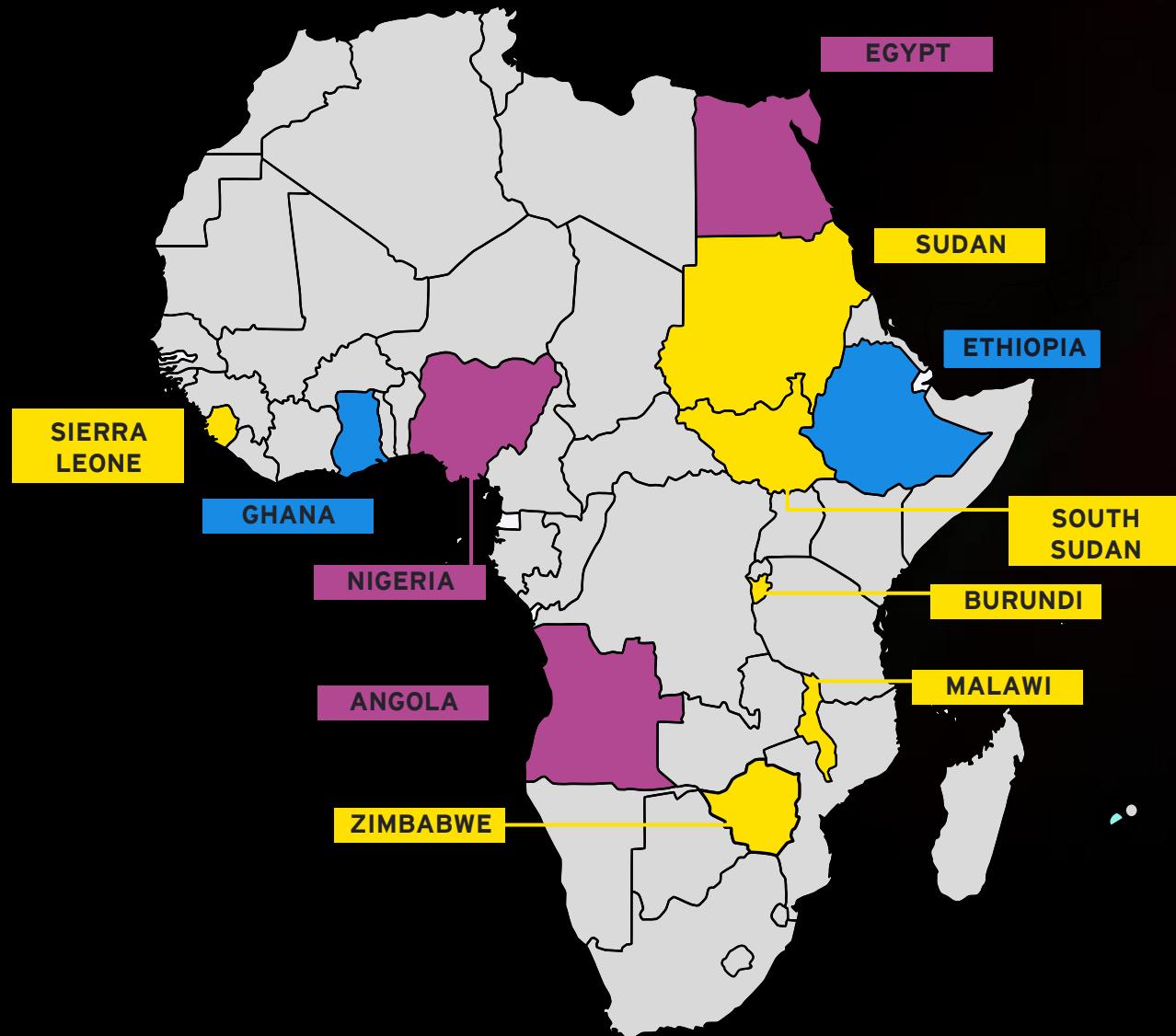
Impairment losses	Impairment losses incurred in 20X2 did not yield any tax benefits because they were not eligible for tax deductions in Country A and Country B.
Restructuring expenses	The restructuring expenses in 20X2 are related to XYZ Group's restructuring programme 'Apollo 20X2'. These expenses include redundancy expenses, employee retraining expenses and relocation expenses, all related to the closure of several factories in Country C. The tax effect of these restructuring expenses is calculated based on the statutory tax rate applicable in Country C at the end of 20X2, which was 15.5%.
Gains on disposal of property, plant and equipment	The tax effect of gains on disposal of property, plant and equipment is calculated based on the statutory tax rate applicable in Country D at the end of 20X2, which was 16.5%.

A large commercial airplane is shown from a rear perspective, flying low over a runway at sunset. The sky is a gradient of blue and orange. In the background, there are mountains and the lights of an airport at night.

02

Other accounting developments

Hyperinflation update



Scoping Key

- Hyperinflationary
- Subject to Monitoring
- No Longer Hyperinflationary

Key Changes from Prior Year

Economies now considered hyperinflationary

- ▶ Zimbabwe
- ▶ Burundi

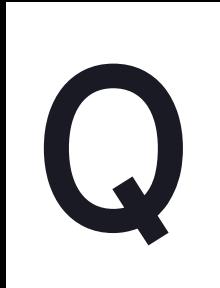
Economies subject to monitoring

- ▶ Angola
- ▶ Nigeria

Economies no longer considered hyperinflationary

- ▶ Ethiopia
- ▶ Ghana

Hyperinflation update (cont.)



What is the appropriate treatment when an economy ceases to be hyperinflationary



Annual
31 December 2024

Interim
30 June 2025

Annual
31 December 2025

Hyperinflationary
accounting

Hyperinflationary
accounting

- ▶ No longer in the scope of IAS 29
- ▶ Balances at 31 December 2025 will use 30 June 2025 as the basis for carrying amounts going forward
- ▶ Comparatives will include adjustments for hyperinflation up to 30 June 2025



Disclosures about uncertainties in the financial statements

Overview of Draft Amendments - Uncertainties



Objective

Improve application of IFRS principles by introducing Illustrative Examples

Strengthen connections between financial statements and other information

Raise awareness of requirements already in IFRS



Progress

Current stage & next milestone:

- The near-final draft was released in July 2025
- The final version is expected to be released soon



The examples illustrate existing requirements in IFRS Accounting Standards and are effective immediately once issued.

Timelines

The IASB allows for 'sufficient time' to implement the changes from the Illustrative Examples in their financial statements

What is meant by 'sufficient time'?

- ▶ The IASB indicated it has months, rather than years in mind, when referring to sufficient time
- ▶ However, regulators may expect entities to:



Consider the impact of the examples on their financial statements



Assess the time required for implementation



Establish a governance process to support and justify the impact and the timeline for disclosure implementation

Management should have a clear view of the additional disclosures that should be incorporated by the end of the next financial reporting period.

Example 1: Materiality judgements applying IAS 1.31 (IFRS 18.20)

... An entity shall also consider whether to provide **additional disclosures** when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to **understand the impact of particular transactions, other events and conditions** on the entity's financial position and financial performance.

Example 1: Materiality judgements applying IAS 1.31 (IFRS 18.20)

Scenario 1 - Background summary:

- Entity A operates in a capital-intensive industry and **faces significant climate-related transition risks**
- It operates in **jurisdictions that have adopted climate-related policies** that impact the group's operations
- Entity A has a **climate-related transition plan** to manage these risks and the plan is expected to **significantly affect its future operations**
- Management assessed that **the transition plan has no effect** on the **recognition or measurement** of its assets and liabilities, and related income and expenses

Q

Does Entity A need to disclose anything about the impact (or lack thereof) of its climate-related transition plan?

Example 1: Materiality judgements applying IAS 1.31 (IFRS 18.20)

Scenario 1 - Debrief summary:

Management also considered the following qualitative factors:

A

- Entity specific factors:

Nature and extent of exposure:	They have significant exposure to the climate related risks, and the transition plan contributes to mitigate the risks.
Significance of its transition plan to its operations:	The transition plan is strategically important and expected to significantly affect the entity's future operations.

- External qualitative factors

User expectations of the entity, based on the significance of climate-related transition risks to the business models of entities in the same industry and the climate-related policies adopted by the jurisdictions in which the entity operates.

Management concluded that a **negative confirmation** explaining the lack of effect the transition plan has on the entity's financial performance and financial position should be disclosed in the financial statements.

Example 2: Disclosure of assumptions: Specific requirements applying IAS 36

Background summary:

- Entity's operations result in a high amount of greenhouse gas emissions
- Regulations require the entity to acquire emission allowances resulting in emission allowance costs
- Entity **allocated a significant amount of goodwill to a cash-generating unit (CGU)** and tests that CGU for impairment at least annually
- Assumptions about future emission allowance costs** are a **key assumption** as it is among the assumptions to which the CGU's **recoverable amount is most sensitive**

**IAS 36.134
(d) & (f)
disclosures
required on
key
assumptions:**

Key assumptions include
emission allowance cost
assumptions

Approach to determining the
values assigned to the key
assumptions

If a reasonable change in the key assumption would result in an impairment, entity would disclose:

- Amount by which recoverable amount (RA) exceeds carrying amount (CA) currently
- Values assigned to key assumptions
- Amount by which assumptions would change for RA to equal CA

Next steps

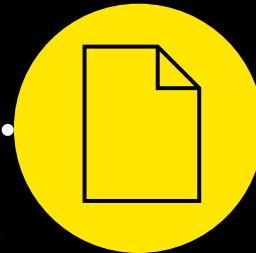
The release of the final draft is imminent



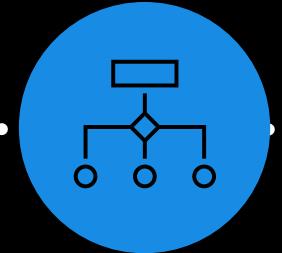
IASB allows for 'sufficient time' for implementation. Timing should be months rather than years



Comprehensive assessment of impact, disclosure expectations and timelines for implementation by the end of the next financial period



Entities to implement a governance process to assess the disclosure impact



Sources of information should be identified:

- ▶ Integrated reports
- ▶ Analyst books
- ▶ Other corporate booklets

03

Regulator update



Report of proactive monitoring 2025

Report findings	
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Presentation of taxation attributable to a discontinued operation
IFRS 15 <i>Revenue from Contracts with Customers</i>	<ul style="list-style-type: none">Identification of performance obligationsTiming of revenue recognitionInsufficient disaggregation of revenue
IFRS 10 <i>Consolidated Financial Statements</i>	Consolidation of BEE structures
IAS 7 <i>Statement of Cash Flows</i>	Cash flow classification issues - payment of NCI put option
IFRS 9 <i>Financial Instruments</i>	<ul style="list-style-type: none">Treatment of transaction costsAccounting for BEE structures - ECL assessment on preference sharesTreatment of 'rental guarantee'
SAICA Circular 1/2023	Calculation of headline earnings
IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	Discount rate used in a provision
IFRS 7 <i>Financial Instruments: Disclosures</i>	Omission or incomplete disclosures
IFRS 8 <i>Segmental Reporting</i>	Request for more detailed segment information as a result of the IFRIC Agenda Decision
IFRS 13 <i>Fair Value Measurement</i>	Omission or lack of disclosure
IAS 36 <i>Impairment of Assets</i>	Omission or lack of disclosure

JSE key considerations



Content of the financial reports

- ▶ The story of your business
- ▶ A complete and consistent picture



Developments impacting financial reporting

- ▶ Technical changes / developments in IFRS
- ▶ Previous JSE findings
- ▶ Changes in economic or business conditions
- ▶ New significant transactions and/or events



Materiality framework

- ▶ Separate to auditor's thresholds
- ▶ Aligned with the IASB
- ▶ Addresses both qualitative and quantitative items
- ▶ Used as a lens to guide report preparation

IFRS 5: Discontinued operations

Fact pattern

- ▶ An issuer separately presented only the pre-tax profits of a discontinued operation in the statement of profit or loss
- ▶ The tax effects were accounted for within tax from continuing operations

IFRS 5.33

- ▶ Single amount in the statement of comprehensive income comprising the total of:
 - (a) The **post-tax profit or loss** of discontinued operations and....

IAS 12.57

- ▶ Requirement for **current** and **deferred tax** effects of a transaction to be **consistent** with the accounting of the **underlying transaction**

IFRS 15: Revenue recognition

Fact pattern

- Entity owns and operates a memorial park business which sells **burial rights** and associated **burial services**
- Customers purchase plots which give them exclusive rights to bury an individual on the plot
- Burial services (interment) are performed only when the grave is needed
- Interment may occur immediately or any time in the future
- Legal title of the burial right transfers on payment of the purchase price, which covers both the burial right and burial service

Q

Do the burial rights and associated burial services represent one performance obligation or two separate performance obligations?

?

IFRS 15: Revenue recognition - Debrief

Distinct goods and services

Does the entity provide a significant service of integrating the goods and services?

Do other goods and services in the contract modify or customise other items in the contract?

Are the goods and services in the contract highly interdependent or highly interrelated?

Timing of revenue recognition

Satisfaction of performance obligations

- ▶ Either:
 - (a) at a point in time, or
 - (b) over time
- ▶ based on when the customer receives control of the goods or services



The burial rights and burial services were determined to be two separate, distinct performance obligations. Therefore, the revenue from each would be recognised when the respective performance obligations have been satisfied.

IFRS 15: Disclosure reminders

Finding: Insufficient disaggregation of revenue

Disaggregation should have occurred as there were different:

- ▶ Types of products
- ▶ Markets / types of customers
- ▶ Sales channels
- ▶ Geographical regions
- ▶ Payment terms

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments	For the year ended 31 December 2024		
	Fire prevention equipment €000	Electronics €000	Total €000
Type of goods or service			
Sale of fire prevention equipment	85,438	–	85,438
Sale of electronic equipment	–	69,263	69,263
Installation services	17,131	–	17,131
Others*	7,226	–	7,226
Total revenue from contracts with customers	109,795	69,263	179,058
Geographical markets			
Euroland	76,413	50,421	126,834
United States	33,382	18,842	52,224
Total revenue from contracts with customers	109,795	69,263	179,058
Timing of revenue recognition			
Goods and services transferred at a point in time	90,141	69,263	159,404
Services transferred over time	19,654	–	19,654
Total revenue from contracts with customers	109,795	69,263	179,058

Good Group Illustrative financial statements 2024

Accounting for BEE structures

Finding: Non-consolidation of BEE structures

Determine who controls the entity:

Power



Returns



Link between power and returns

Ability to direct:

- ▶ Decisions
- ▶ Relevant activities

Returns include:

- ▶ BEE points
- ▶ Receipt of shares
- ▶ Financial returns

Ability to utilise power to influence the returns earned

If the entity is a trust, careful consideration should be paid to the **trust deed**. This will contain information about the:

- ▶ **Trusts objectives**
- ▶ **Roles and responsibilities** of trustees and beneficiaries of the relevant activities

Accounting for BEE structures

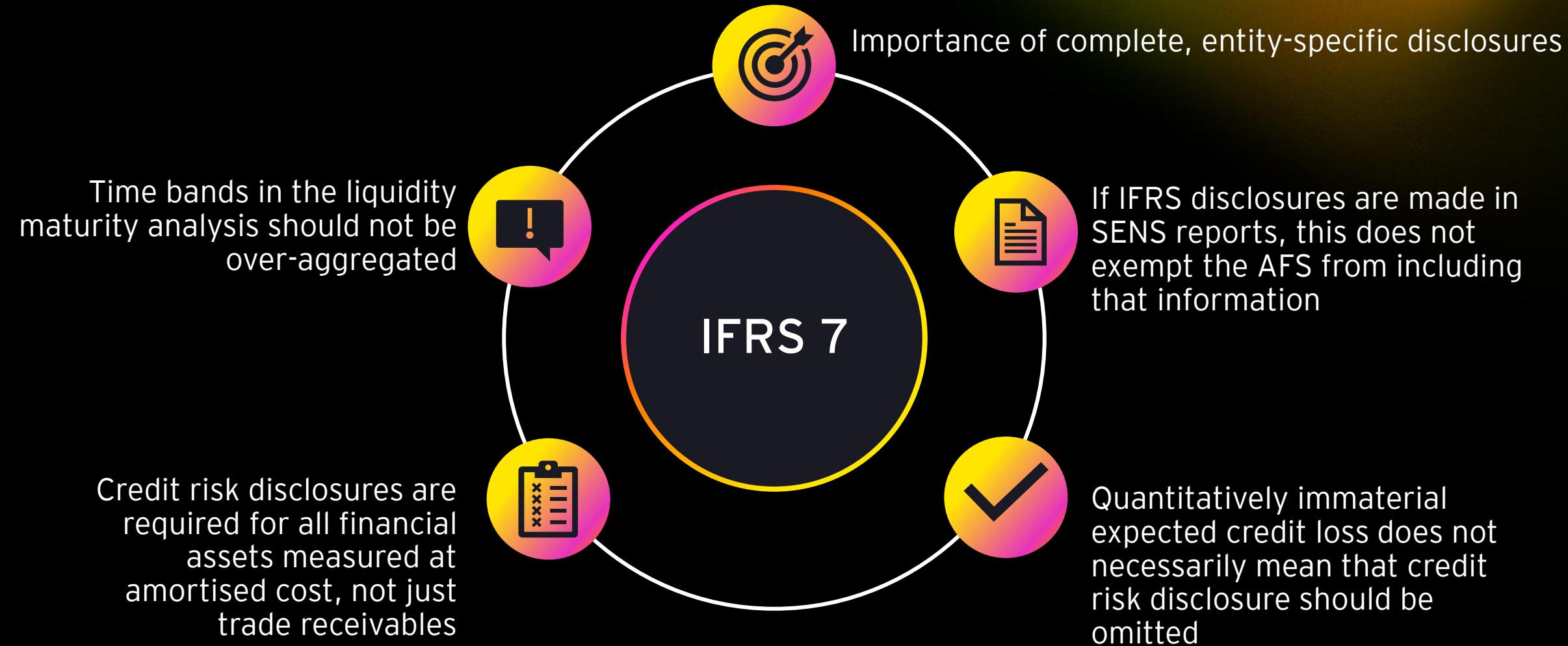
Key matters surrounding ownership:

- ▶ Define **clear beneficiaries** and their share
- ▶ Document the **distributions** proceeds
- ▶ Restrictions in operating decisions
- ▶ **Funding** and **repayment** mechanisms
- ▶ Process of **winding-up**
- ▶ Structure's **objective**
- ▶ **Risks** associated (liquidity, investment and donor funding)
- ▶ **Returns** earned (investor returns = B-BBEE credentials)



Where it has been determined the structure will NOT be consolidated, please consult with your auditors

IFRS 7: Disclosure reminders



IFRS 13: Disclosure reminder

Finding: Lack of detailed disclosure

Specifics noted:

- ▶ **Ranges** used for inputs too wide
- ▶ **Omitted information** on the valuation methods used and/or the significant inputs
- ▶ Non-disclosure of reasons for **changing valuation methods**

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (CU in millions)				
Description	Fair value at 31/12/X9	Valuation technique(s)	Unobservable input	Range (weighted average)
Other equity securities:				
Healthcare industry	53	Discounted cash flow	weighted average cost of capital long-term revenue growth rate	7%–16% (12.1%)
			long-term pre-tax operating margin	2%–5% (4.2%)
			discount for lack of marketability ^(a)	3%–20% (10.3%)
			control premium ^(a)	5%–20% (17%)
				10%–30% (20%)

IFRS 13 illustrative examples, example 17

IAS 36: Disclosure reminders

Finding: Significant impairments with minimal disclosure

Company A

- ▶ Omitted comparative amounts
- ▶ JSE analysed the comparatives and noted significant changes in inputs used, with no explanation

Company B

- ▶ Impaired goodwill for a CGU
- ▶ No disclosure provided on how the value in use was calculated
- ▶ Goodwill was assumed to be insignificant in the context of the total goodwill, despite indicators suggesting otherwise

Additional items noted:

- ▶ Lack of disclosure:
 - Calculation of recoverable amount with quantification of assumptions
 - Events causing impairment
- ▶ Inconsistencies in disclosures which led to confusing messaging

04

ESG update



King V - Overview

Streamlined to 13 principles (down from 17) - simpler and more practical



Governance Framework Enhancements

- ▶ Evolution of sustainability within governance frameworks
- ▶ Broader stakeholder definition and focus



Board Responsibilities and Composition

- ▶ Enhanced guidelines on board effectiveness and regular performance evaluations
- ▶ Structured delegation to board committees
- ▶ Governance accountability



Risk Management and Compliance

- ▶ More proactive approach to risk management by also considering the economic, social and environmental context
- ▶ Emerging technological developments

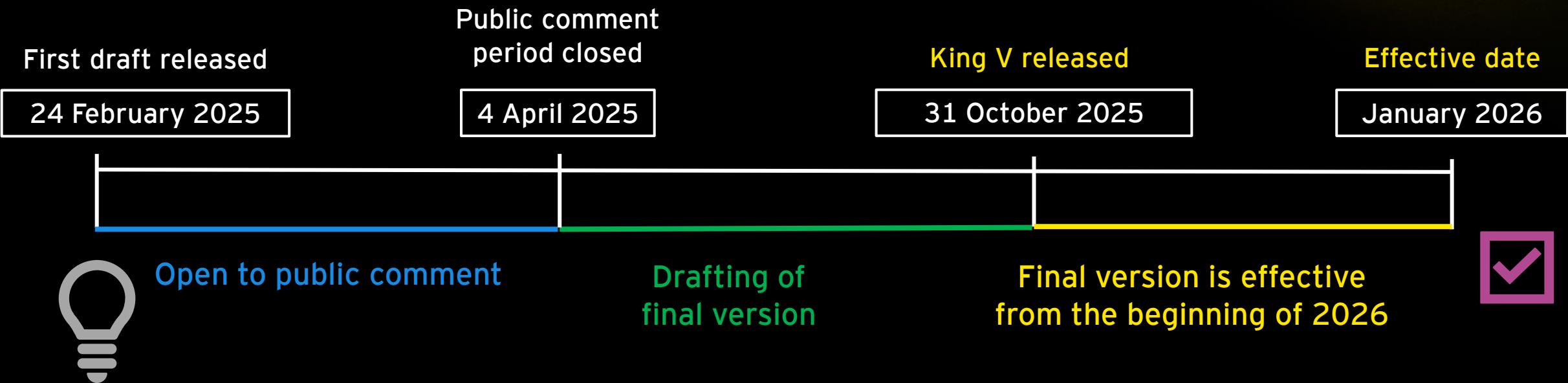


Reporting and Transparency

- ▶ Enhanced reporting requirements
- ▶ Sustainability-related disclosure on both financial and impact materiality basis
- ▶ Encourage integrated thinking combining financial and non-financial information

Timeline for King V

Expected dates of implementation:



Summary: Companies Act amendments

Section	Topic	Key Amendment
S90(1A)(b)	Auditor Appointment at Shareholders Meeting	Auditor must be appointed annually at a shareholders meeting , not only at an AGM.
S90(2)(b)(v)	Cooling-off Period for Audit Partners	Cooling-off period reduced from 5 to 2 years.
S61(8) & S72	Social & Ethics Committee	Annual appointment at AGM; report required at AGM; defined exemption/membership rules.
S30(4)(a)	Directors' Remuneration Disclosure	Mandatory disclosure of remuneration per individual director and prescribed officer by name .
S61(8)(a) & S30 A & B (new)	Remuneration Report and Policy at AGM	Requires a remuneration policy and report to be presented for approval at AGM .



Sustainability update

Status of implementation, projects & publications

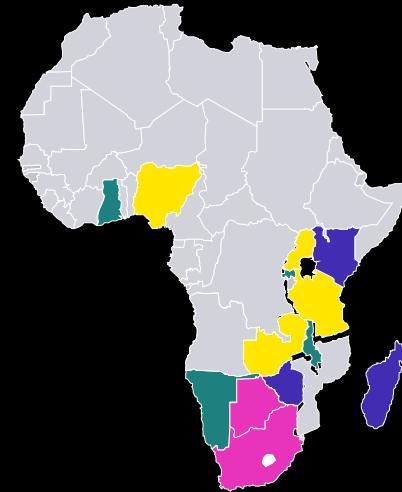
Completed

- ▶ Contracts Referencing Nature-dependent Electricity—Amendments to IFRS 9 and IFRS 7
- ▶ Applying IFRS - Connected Financial Reporting: Accounting for Climate Change (Updated May 2025)

On-going

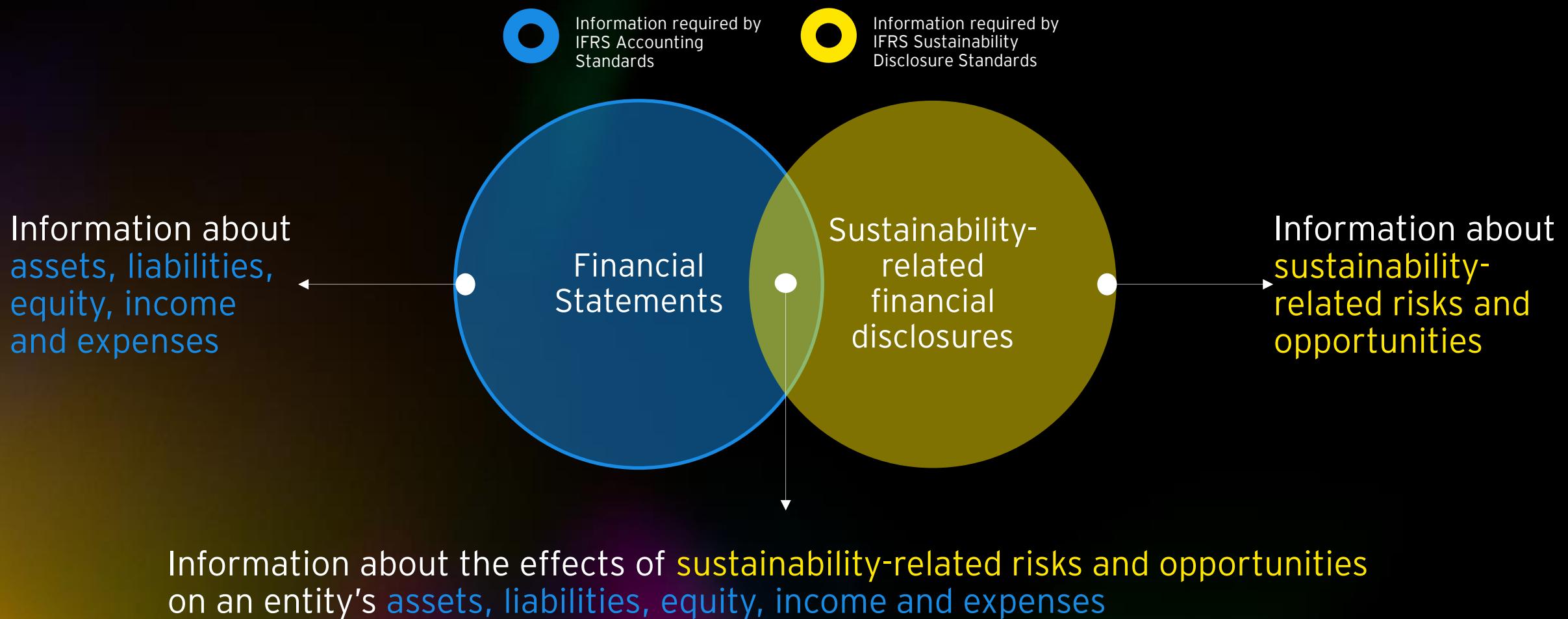
- ▶ Climate-related and Other Uncertainties in the Financial Statements
- ▶ Biodiversity, Ecosystems and Ecosystem Services
- ▶ Human Capital
- ▶ Enhancing the SASB Standards
- ▶ Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)

Africa reporting landscape



- Mandatory ISSB Reporting
- Voluntary ISSB Reporting
- Voluntary Sustainability Reporting
- Banking Sector Specific Guidance
- Pending updated communication

IFRS Sustainability & Accounting Connectivity





One minute recap

IFRS 18 Brochure



Roadmap to IFRS 18: Presentation and Disclosure in the Financial Statements

International GAAP



Available free of charge for online use via EY Atlas Client Edition, or for offline download.

[EY Atlas Client Edition | EY - Global](#)

A screenshot of the EY Atlas Client Edition website. The top navigation bar includes the EY logo, 'Shape the future with confidence', 'Insights', 'Services', 'Industries', 'Careers', 'About us', a search bar, 'My EY', and 'Global English'. The main heading is 'EY Atlas Client Edition'. Below it, a subtext reads: 'Stay up-to-date in this dynamic regulatory environment by accessing the expertise you trust anytime, anywhere with EY Atlas Client Edition.' There are social media icons for Facebook, X, LinkedIn, and YouTube. On the right, a call-to-action box says 'Get started today' with a 'Get started' button and a link 'Conditions apply'.

Other Resources

Applying IFRS: A closer look at IFRS 18



Issue 228 | June 2024

IFRS Developments

IASB issues amendments to classification and measurement of financial instruments

What you need to know

- The IASB (International Accounting Standards Board) has issued two amendments to IFRS 9 classification and measurement requirements, and IFRS 7 disclosures.
- The amendments clarify that if a financial liability is decommissioned and introduced as an investment in a financial asset, an entity need not derecognise financial liabilities under the same investment system before the settlement date.

► The classification of financial assets and financial liabilities has been clarified via additional guidance on the classification of contingent features.

► The classification of assets made on non-recourse basis and contracts for financial instruments.

► Additional disclosures are introduced for financial instruments with significant features and rights that result in a fair value through OCI.

► The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, subject to an entity's early adopter analysis of the accounting for new or continued features only.

Introduction

On 30 May 2024, the International Accounting Standards Board (the IASB or the Board) issued Amendments to IFRS 9 and IFRS 7. Amendments to the Classification and Measurement of Financial Instruments (IFRS 9) and Disclosure of Financial Instruments (IFRS 7) were issued to address the following issues:

- Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged or cancelled or expires or the liability ceases to be a financial liability. This is a change in accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before the settlement date.
- Clarify that an entity assesses the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- Clarify the treatment of non-recourse assets and contracts with limited instruments (CLIs).
- Require additional disclosures in IFRS 7 for financial assets and liabilities with significant features and rights that result in a fair value through OCI (FVTOCI), and equity instruments classified as a fair value through other comprehensive income (FVOCI).

The amendments also conclude the classification and measurement phase of the IASB's post implementation review (PIR) of IFRS 9. The other two phases of the PIR, which relate to reclassification of financial assets (FCA) in progress, and hedge accounting, which is expected to commence later in 2024.

How we see it

The clarifications that relate to the derecognition of financial liabilities may require entities' existing practice to change. The effect could be significant for their external reporting and accounting processes.

Amendments to classification and measurement of financial instruments



Issue 234 / January 2025

IFRS Developments

Nature-dependent Electricity - IFRS 9 and IFRS 7 amendments

What you need to know

- The amendments to IFRS 9 Financial Instruments (IFRS 9) are to the owner use requirements and hence accounting.
- There are also amendments to IFRS 7 Financial Instruments: Disclosures (IFRS 7).
- Under the Amendments, the fair value of nature-dependent electricity will be in accordance with the owner use requirements if the expected purchase or usage requirements and the other specified criteria are met.
- The Amendments will allow an entity to measure the fair value nominal volume of forecast electricity transactions as a function of the specified criteria are met.
- The effective date is 1 January 2025, with reporting periods beginning on or after 1 January 2025, with early application permitted.

Introduction

On 18 December 2024, the International Accounting Standards Board (the IASB) published the amendments to IFRS 9 and IFRS 7 – Contracts Reference Nature-dependent Electricity (The Amendments). The Amendments:

- Clarify the application of the 'owner use' requirements for in-scope contracts
- Amend the impairment requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements

Scope of the amendments

The Amendments only apply to contracts that reference nature-dependent electricity. A contract that exposes an entity to variability in an underlying amount of electricity because the source of electricity generally depends on unpredictable weather patterns, such as wind or solar, will not reference electricity sources such as sun and wind (in-scope contracts).

Contracts referencing nature-dependent electricity included in a cash flow hedging relationship will not be in-scope contracts if the hedged item or the cash flow hedged item is not a derivative instrument that references electricity. The Amendments cannot be applied by analogy to other contracts, from which the entity has excluded the electricity.

The IASB has clarified that other contracts, for example, contracts for electricity generation, will not be in-scope contracts, as the entity will not have such electricity generation in its scope of operations and the entity will not have such electricity generation in its scope of contracts.

How we see it

The Amendments scope in contracts for nature-dependent electricity that are not necessarily physically settled, however, the Amendments do not cover the accounting for renewable energy certificates (RECs), which typically accompany these contracts. The intention is for the scope to be narrow enough to minimise the risk of unintended consequences.

The better the question. The better the answer.
The better the world works.

EFY

Shape the future
with confidence

Nature-dependent electricity - IFRS 9 and IFRS 7 amendments



Report on proactive
monitoring of financial statements
in 2025

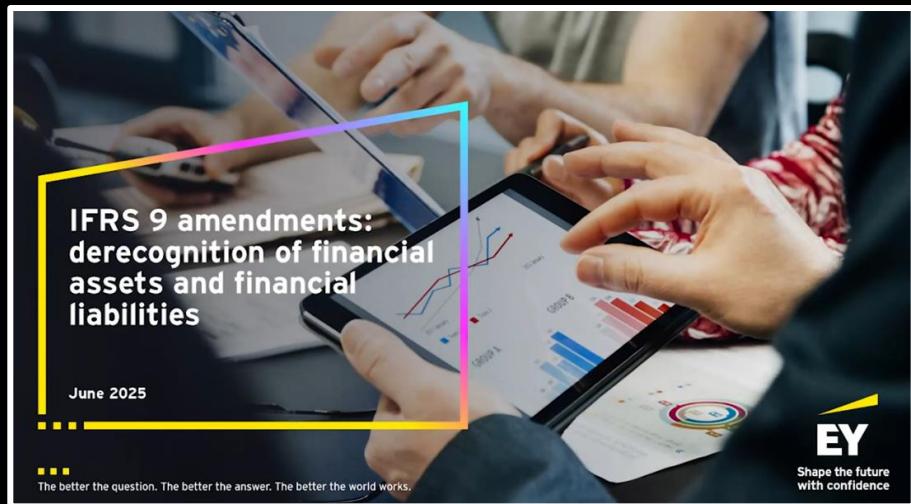
Date of issue: 4 November 2025



JSE Proactive Monitoring Report



Webcasts available



IFRS 9 amendments: Derecognition of financial assets and financial liabilities



IFRS 9 amendments: Nature-dependent Electricity Contracts



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