iGAAP in Focus

Closing Out – Areas of Focus for Financial and Sustainability Reporting

Contents

For more information please see the following websites:

www.iasplus.com

www.deloitte.com

Entities are grappling with significant uncertainty due to the ongoing uncertain macroeconomic and geopolitical environment. Investors and regulators are expecting entities to be transparent in how they are dealing with this challenging landscape.

In this *iGAAP in Focus – Closing Out*, we set out financial and broader corporate reporting issues that may be relevant in view of the current environment and also highlight areas of regulatory focus, recent changes in accounting standards, and growing investor demand for consistent, comparable, and timely sustainability-related information.

Macroeconomic and geopolitical environment

Global trade

The introduction of and change to tariffs and other impacts on global trade may affect multiple aspects of financial reporting.

For example, existing and new / proposed tariffs may affect all entities (importers and exporters) in the following ways:

- increased cost of supplies, which could have an impact on profit margins depending on currency adjustments and the ability to find alternative sources of supplies and / or pass costs on to customers
- changes to pricing strategies, which may affect consumer demand for price-sensitive products
- delayed or reduced capital expenditures on new equipment, technology, and facilities or increased capital expenditures due to relocation of operations
- higher logistics and transition costs for adapting supply chains
- temporary increases in inventory levels and associated carrying costs, or inventory stranded or lost in transit to avoid tariffs
- cancellation of, or adjustments to, contracts due activation of 'force majeure' clauses or similar contractual provisions
- increased litigation costs, for example due to disputes between suppliers and customers.

In addition, the current global trade situation contributes to macroeconomic uncertainties such as inflation, volatility of foreign exchange rates, changes in commodity pricing, financial market turbulence and increased borrowing rates.

As a result, entities, whether they are affected directly or indirectly by the tariffs, may face significant challenges associated with forecasting future cash flows and other estimations used in preparing their financial statements. For example, the following aspects of financial reporting may be affected:

- impairment of non-financial assets, for example, the supply-chain challenges highlighted above may require entities to assess whether a write-down of inventories to net realisable value is required. In addition, the changes in tariffs may represent an indication that an impairment test applying IAS 36 *Impairment of Assets* is required
- onerous contracts provisions, for example, if increases in inventory prices cannot be passed on to customers
- impairment of financial assets, as entities may need to consider whether changes are required in the models to incorporate new sources of uncertainties or to attribute different weight to scenarios considered
- income taxes, in particular the recoverability of deferred tax assets and, in interim financial reports, the estimated annual effective tax rate
- revenue recognition
- going concern.

Each of these areas, and others that may be relevant to an entity based on its facts and circumstances, are addressed in this publication. In addition, in a rapidly changing environment, entities should carefully evaluate information that becomes available after the end of the reporting period but before the date of authorisation of the financial statements (see **Events after the reporting date**).

In addition, entities should monitor government schemes that may be introduced to provide economic assistance to entities directly affected by tariffs, and consider the related accounting implications.

General inflation and interest rates

Whilst inflation and interest rates had started stabilising or decreasing in some economies, the recent changes in the geopolitical environment may contribute to new increases in inflation. As a result, the considerations below may still be applicable as entities continue to be exposed to the associated risks.

In respect of impairment of non-financial assets, IAS 36 identifies an increase in market interest rates as an indication that an asset may be impaired. This may not always be the case, for example, when the increase in market interest rates does not affect the discount rate for the asset in question (for example, if short-term interest fluctuations would not affect the rate of return demanded of a longer-life asset) or if the entity expects to recover higher interest charges through the prices charged to its customers, or the increased rate is too small to raise concerns over the headroom of an asset's recoverable amount over its carrying amount. However, the possibility of an impairment loss should not be overlooked and a general increase in interest rates should lead to a proper consideration of whether a full impairment review is required.

Inflation can have an impact on the measurement of longer-term provisions such as decommissioning obligations. Entities should ensure that the inputs used in measuring provisions follow a consistent approach in incorporating the effects of inflation. Nominal cash flows, which include the effect of inflation, should be discounted at a nominal rate and real cash flows, which exclude the effect of inflation, should be discounted at a real rate.

Inflation and the resulting increase in the cost of living may lead to products becoming less affordable (either because of increased production costs or reduced customer spending power). Write-downs of inventory to net realisable value and recognition of onerous contract provisions in respect of commitments to purchase inventory that cannot then be sold at a profit may be required. Inflation, specifically in salaries, can also be an important actuarial assumption factored in the measurement of defined benefit obligations accounted for under IAS 19 *Employee Benefits*. Where inflation is a major source of estimation uncertainty, an entity should consider the need to disclose the information required by paragraphs 125 to 133 of IAS 1 *Presentation of Financial Statements*, such as a sensitivity analysis.

Both interest rates and inflation can affect the measurement of lease liabilities and right-of-use assets under IFRS 16 *Leases*. They can also lead to additional exposure to credit losses as borrowers' ability to repay their obligations is reduced, resulting in:

- increases in expected credit losses to be recognised under IFRS 9 *Financial Instruments*, if it is expected that levels of default might increase due to increases in borrowers' cost of living. Changes in expected credit losses models used by financial institutions or 'management overlays' to supplement those models should be accompanied by disclosures to enable users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows
- expected credit losses becoming more significant to entities other than financial institutions if they expect an increase in bad debts as customers struggle to pay outstanding amounts.

Volatility in energy prices and use of power-purchase agreements

Prompted by volatility in energy prices and jurisdictions taking action to reduce the effects of climate change, entities are increasingly entering into long-term renewable energy contracts such as *physical power purchase agreements* (PPAs).

Physical PPAs are agreements under which an entity agrees to purchase a specified quantity of electricity generated by a renewable energy generation facility (e.g. a wind or solar farm) at a fixed price over a defined period. The seller, which is typically the owner or operator of the renewable energy generation facility, agrees to deliver the electricity to the buyer's premises or to the grid on the buyer's behalf. Generally, the buyer also receives renewable energy credits (RECs) from the renewable energy generator. The timing / volume of electricity produced from renewable energy sources may be unpredictable, and may require the buyer to sell part of the electricity contracted in the PPA if it is produced at a time when it is not required by the buyer.

Assessing the appropriate accounting for physical PPAs can be complex, including the assessment of whether the PPA is a lease of the generation facility under IFRS 16, and if not, whether the contracts meet the 'own-use' requirements in IFRS 9:2.4 (such that the PPA is accounted for as an executory contract and not as a derivative under IFRS 9). The assessment of how to account for a PPA may require management to make significant judgements, for example when determining whether the frequency or volume of electricity sold by the buyer are such that the own-use requirements are not met. Therefore, the buyer should consider the disclosure requirements in IAS 1:122 regarding the judgements made in the process of applying an entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements. In addition, the buyer should consider disclosing the key terms of the PPAs (e.g. price, duration and volume of electricity contracted) along with the entity's objective for entering into the contracts.

Entities may also enter into *virtual power purchase agreements* (VPPAs) which are periodically settled net in cash for an amount that reflects the difference between the fixed price in the contract for each unit of electricity generated and the spot market price for electricity at the periodic settlement date. In a typical VPPA, as in a physical PPA, the buyer receives a specified number of RECs.

Similar to physical PPAs, an assessment is required of whether VPPAs meet the own-use requirements in IFRS 9:2.4. However, in a VPPA, only the RECs are delivered under the contract and as a result the own-use assessment relates only to the RECs. The variable pricing element, linked to the price of electricity, represents a non-closely related embedded derivative. If the purchase of RECs meets the own-use requirements and is accounted for as an executory contract, the non-closely related embedded derivative is accounted for separately at fair value through profit or loss (FVTPL). Although, in theory, it may be possible to establish a hedging relationship in which the non-closely related embedded derivative is used as a hedging instrument for the highly probable purchase of electricity at spot rate, in practice, it is unlikely to be achieved due to the variability in the volume (the notional amount) of the contract.

> In December 2024, the IASB issued *Contracts Referencing Nature-dependent Electricity* which amends the own-use and hedge accounting requirements in IFRS 9 applicable to certain contracts to buy and take delivery of renewable electricity – see **Selected new accounting requirements**.

Uncertainty and financial reporting

Disclosures in uncertain times

When reporting in uncertain times, it is particularly important to provide users of financial statements with relevant and entity-specific information that enables them to understand the impact of uncertainty on the entity's financial position and performance. This includes appropriate insight into how the entity addressed the impact of uncertainty and how it has incorporated it in the key assumptions and judgements made when preparing financial information (see below).

When disclosing this information entities should avoid generic references, for example, to 'geopolitical uncertainties' and instead be specific about the actual developments and events which affect them, their judgements and assumptions. Entities should also ensure consistency in the risks and assumptions used in estimations and measurements and the information included elsewhere in the annual report.

Further, in addition to complying with specific disclosure requirements in IFRS Accounting Standards, entities should consider whether to provide additional disclosures if it is necessary to enable users of financial statements to understand the impact of particular transactions, other events and conditions on an entity's financial position and performance as required by IAS 1:31. This requires judgement and consideration of all relevant facts and circumstances.

A 'stand back' assessment performed before the financial statements are authorised for issue allows to consider the information disclosed in the financial statements from a wider perspective and in aggregate.

Disclosure of significant judgements and key sources of estimation uncertainty
Depending on an entity's specific circumstances, many of the areas discussed in this publication may give rise to a significant judgement over the characterisation of an item or transaction or a source of estimation uncertainty over its measurement, for which disclosures may be required by IAS 1:122-133.

The disclosure provided about the key assumptions, including the sensitivity analysis based on a range of reasonably possible outcomes, should reflect the conditions at the reporting date. When key assumptions, or the range of reasonably possible changes to those assumptions, are affected significantly as a result of non-adjusting events after the reporting date, information about those changes, including an estimate of the financial effect, should be provided separately.

In respect of estimation uncertainty, it is also important to distinguish between estimates that have a significant risk of material adjustment to the carrying amount of assets and liabilities in the next financial year (and hence require disclosure under IAS 1:125) and those that might affect assets and liabilities over a longer timescale (and hence are not within the scope of that paragraph but might usefully be disclosed separately). Entities should be mindful that even if an uncertainty will not be resolved within the next financial year, revision of assumption within that timescale may still give rise to a significant risk of a material adjustment to the carrying amount of assets.

In making high quality disclosure of estimation uncertainty, it is also important to:

- quantify the specific amount at risk of material adjustment
- provide sufficient granularity in the description of assumptions and / or uncertainties to enable users to understand management's most difficult, subjective or complex judgements (this requires that the information provided is entity-specific)
- clearly distinguish the disclosure of other estimates, and associated sensitivities, from significant estimates and explain their relevance
- provide meaningful sensitivities and / or ranges of reasonably possible outcomes for significant estimates (which, due to the economic factors discussed in this publication, might be wider than in previous reporting periods); these should not be limited to those required by specific IFRS Accounting Standards
- quantify the assumptions underlying significant estimates when investors need this information to fully understand their effect
- explain any changes to past assumptions if the uncertainty remains unresolved.

Finally, the disclosure of material accounting policies should be entity-specific, i.e. include accounting policies and valuation methods applied by the entity.

A Deloitte *IFRS in Focus* provides more detail on the disclosure of significant judgements and sources of estimation uncertainty.

Going concern
It is possible that economic pressures or changes might render a business model unviable or access to necessary financing might be limited. In such circumstances, it is necessary to assess whether the entity might be unable to continue as a going concern for a period of at least, but not limited to, 12 months from the reporting date (in certain jurisdictions, local regulations may extend this period). In making this assessment, management will need to take into account all information available up to the date of authorisation of the financial statements.

Assessing whether an entity is a 'going concern' typically requires the following factors to be considered:

- whether the forecast performance would result in an adequate level of headroom over the entity's available borrowing facilities and compliance with relevant loan covenants
- the availability of sufficient committed borrowing facilities for the foreseeable future and whether there are indicators that the lending counterparty will be unable to provide this funding.

Management should consider the impact of new global trade pressures and other macroeconomic uncertainties on the entity's specific circumstances, in particular current and potential cash resources including access to existing and new financing facilities, and factoring and reverse factoring arrangements. Access and use of such facilities and arrangements should be disclosed.

When management is aware of material uncertainties that cast a significant doubt on the entity's ability to continue as a going concern, IAS 1:25 requires the entity to disclose those material uncertainties in the financial statements. The disclosure should be specific to the entity's own situation, for example explaining how and when the uncertainty may crystallise and its impact on the entity's resources, operations, liquidity and solvency. The assumptions used in determining whether an entity is a going concern should be consistent with the information used in other areas of the financial statements (e.g. liquidity risk management disclosure, impairment of non-financial assets, recognition of deferred tax assets). Given the current uncertainty, entities will need to consider a wide range of factors related to current and expected profitability, among other things.

There may be cases when an entity concludes, after having considered all relevant information, including the feasibility and effectiveness of planned mitigation, that there are no material uncertainties that cast substantial doubt about its ability to continue as a going concern requiring disclosure under IAS 1:25. However, in the current environment, reaching that conclusion may involve significant judgements around the range of outcomes to consider and the probabilities assigned to those outcomes. Furthermore, the range of possible outcomes and their impact on the entity's future operations may be broad, meaning that assigning more or less weight to possible outcomes could make a difference in the entity's conclusion regarding the existence of material uncertainties.

As indicated in the July 2014 *IFRIC Update*, disclosure of significant judgements is required when an entity concludes there is no material uncertainty regarding its ability to continue as a going concern but reaching this conclusion involved significant judgement. Such disclosure is important to provide users of the financial statements with sufficient information to understand the pressures on liquidity, viability and solvency.

The IASB published educational material on the assessment of going concern and related disclosure requirements in 2021 (updated in 2025). This guidance is summarised in a Deloitte *iGAAP in Focus*.

Impairment of non-financial assets

Assets subject to the requirements of IAS 36

The scope of assets subject to the requirements in IAS 36 is broad. It includes property, plant and equipment (carried at cost or revalued amount), intangible assets (carried at cost or revalued amount), goodwill, right of use assets (if carried at cost), investment property (if carried at cost), biological assets (if carried at cost) and investments in associates and joint ventures accounted for using the equity method. In an entity's separate financial statements, investments in subsidiaries, associates and joint ventures (other than those accounted for in accordance with IFRS 9) are also subject to the requirements of IAS 36.

In addition to the requirement to perform an annual impairment test for certain assets (including goodwill), IAS 36 requires entities to assess at the end of each reporting period (including interim reporting dates) whether there is any indication that an asset (within scope of IAS 36) may be impaired. The standard sets out internal and external indicators that entities need to consider in assessing whether an asset may be impaired. These indicators are not intended to be an exhaustive list. Entities will need to consider their own facts and circumstances, including the impact of the current macroeconomic and geopolitical environment on their operations, to assess whether an impairment test should be conducted at the reporting date. New or increased tariffs, and their impact on items such as sales, costs of supplies and reorganisation of operations, could give rise to an indication that assets may be impaired. If any impairment loss is so recognised, the events and circumstances that led to it should be disclosed.

Entities often rely on discounted cash flows in estimating recoverable amounts of non-financial assets. Careful consideration of the cash flow projections, growth rate(s) and discount rate(s) will be critical in terms of the supportability and reasonableness of impairment calculations.

Projected cash flows should be based on what could have reasonably been known at the reporting date of the conditions that existed at that date (importantly, in the case of a value in use calculation, excluding the effects of restructurings to which the entity was not committed at the reporting date). Hence, entities should consider how key inputs (e.g. sales price and volumes, and gross margins) could reasonably be expected to be affected, directly and indirectly, by new tariffs or changes to existing tariffs (e.g. increase / decrease in rates or delays in application) at the reporting date. In addition to tariffs enacted at the reporting date, it may also be appropriate for an entity to reflect tariffs not yet enacted at the reported date if the expected change in cash flows is based on reasonable and supportable assumptions at the reporting date. See **Events after the reporting date** for a discussion of the impact of the announcement of new tariffs or changes to existing tariffs after the reporting date.

Depending on the range of possible outcomes, it may be more appropriate to use multiple scenarios and a probability-weighted expected approach to arrive at management's best estimate of future cash flows and recoverable amount, as further discussed below. Factoring uncertainties about future cash flows in an impairment analysis requires significant judgements. If relevant, entities should provide clear disclosures of how the expected direct and indirect impact of tariffs have been reflected in the impairment analysis.

The discount rate to be used is an estimate of the rate that a market participant would expect on an equally risky investment. In these uncertain times, management may face significant challenges in preparing the budgets and forecasts necessary to estimate the recoverable amount of an asset (or a cash generating unit (CGU)). Management may determine that using an expected cash flow approach is the most effective means of reflecting the multiple dimensions of uncertainty in its estimates of recoverable amount. This approach reflects all expectations about possible cash flows instead of the single expected outcome. While an expected cash flow approach is highly dependent on assigning probabilities to estimates of future cash flows, such judgements on the inputs may nevertheless be more transparent and more readily tied to underlying commercial expectations than the addition of an 'uncertainty' risk premium to the discount rate that may be more arbitrary and for which there is no evidential base to support the quantum of the adjustment. Entities should ensure that consistent assumptions are used for the estimation of cash flows and the selection of an appropriate discount rate in order to avoid any double-counting or omission. Assumptions used for discount rates and cash flows should also be internally consistent within a particular calculation and consistent across calculations performed for different purposes.

When goodwill or intangible assets with indefinite useful lives are included in a CGU, IAS 36 requires the disclosure of information about key assumptions used to measure the recoverable amount of the CGU, including the approach used to determine the values assigned to each key assumption and whether they reflect or (or differ from) past experience or external sources of information. Moreover, new developments or uncertainties can influence the assessment of whether a reasonably possible change in a key assumption would cause the carrying amount of a CGU to exceed its recoverable amount which may result in the need for disclosures under IAS 36:134(f).

In addition to the above, key assumptions used in performing impairment tests are likely to represent a source of significant estimation uncertainty and therefore the information required by IAS 36 may need to be supplemented by the information required by IAS 1:125-133, such as sensitivity analyses other than those required in respect of goodwill impairment testing.

A Deloitte *A Closer Look* answers some common questions on applying IAS 36, addressing potential pitfalls and providing reminders of certain key requirements of the standard.

Valuation of inventories
Import duties, such as tariffs, should be reflected in the cost of the related inventories.

Applying IAS 2 *Inventories,* inventories are measured at the lower of their cost and net realisable value (NRV). NRV is an entity-specific measurement defined as "the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale". In an uncertain economic environment, the NRV calculation may be more challenging and require more detailed methods or assumptions. As a result of new or increased tariffs, the NRV of an item of inventory may fall below its cost for many reasons, including an increase in the estimate of costs to complete work in progress inventories or the inability to increase prices to customers. IAS 2 also requires disclosure of write-downs, or reversals of previous write-downs, of inventory.

In addition, manufacturing entities may have to reassess their practices for fixed overhead cost absorption if supply chain disruptions affect their ability to operate production facilities at normal capacity. IAS 2 requires that variable production overhead costs should be allocated to each unit of production based on the actual use of the production facilities. It also calls for the allocation of fixed overhead costs to each unit of production based on the normal capacity of the production facilities, with any unallocated fixed overhead costs due to abnormally low production or idle facilities being recognised as an expense as incurred.

Financial risks disclosures
Interest, foreign exchange and inflation risks
As discussed earlier in this publication, the current global trade situation contributes to macroeconomic uncertainties such as inflation, volatility of foreign exchange rates and increased borrowing rates.

Where relevant, entities are expected to explain how changes in the macroeconomic environment affect their financial risks exposures (including the exposure arising from some financial instruments that are not recognised in the statement of financial position, such as certain loan commitments) and how they manage these risks.

For example, entities that are exposed to interest rate risk due to their floating rate financial liabilities need to provide a sensitivity analysis showing how profit or loss and equity would have been affected by reasonably possible changes in interest rates. Entities should ensure that the range of reasonably possible changes in interest rates reflects the recent volatility in interest rates, where appropriate.
It may be appropriate to provide separate sensitivity analyses for different classes of financial instruments.

As required by paragraph 40(c) of IFRS 7 *Financial Instruments: Disclosures*, if an entity changes the methods and / or assumptions used in preparing sensitivity analysis (for example, in response to change in the macroeconomic environment), these changes need to be disclosed along with the reasons for the changes.

Similarly, volatile markets may give rise to increased risk concentration. For example, for financial institutions whose borrowers are exposed to refinancing risk (especially in sectors such as commercial real estate in some jurisdictions). Entities should consider whether additional information should be disclosed in respect of increased risk exposures.

Liquidity risk
To help users of the financial statements understand an entity's liquidity risk, IFRS 7 requires specific tabular disclosure of the contractual maturity of financial liabilities and, importantly, requires an explanation of how liquidity risk is managed. As a reminder, IFRS 7:B10 requires that the maturity analysis should reflect undiscounted contractual cash flows and include both principal and interest payments.

Entities that rely on the extended financing terms provided by supplier finance arrangements to manage liquidity risk through the option to pay the financial institution later than it would have paid the supplier(s) should ensure that the impact of these arrangements is properly disclosed. Paragraph 44F of IAS 7 *Statement of Cash Flows* requires disclosure of information to enable users of financial statements to assess the effects of the supplier finance arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk (e.g. terms and conditions of the arrangements and impacts on the financial statements). Indeed, if a financial institution were to withdraw the arrangement this may adversely affect the entity's ability to settle liabilities, particularly if the entity is already in financial difficulties. Similar considerations may be relevant in respect of reliance on factoring arrangements over receivables.

In turbulent market conditions, the rapid and significant fluctuations in price increase the likelihood of margin calls being triggered. If relevant, entities should explain the impact of this risk as part of their liquidity risk management.

Also, higher inflation and interest rates may affect an entity's ability to comply with covenants included in loan arrangements. When this is the case, an entity should consider the requirements in IAS 1:76ZA to disclose information that enables users of financial statements to understand the risk that the liabilities classified as non-current could become repayable within 12 months after the reporting period.

Fair value measurement and disclosure
In the current macroeconomic situation, fair values may be subject to an increased level of uncertainty. and care is required in determining fair value at the reporting date.

IAS 10 *Events after the Reporting Period* cites a decline in the fair value of investments between the reporting date and the financial statement authorisation date as an example of a non-adjusting event. Such decline typically stems from circumstances arising after the reporting period rather than reflecting the condition of the investments at the reporting date. Consequently, entities do not adjust the amounts recognised (or disclosed) in their financial statements at the reporting date, but additional disclosure may be required on changes in fair value after this date. For quoted investments with a readily ascertainable market price, it will be straightforward to distinguish between the fair value at the reporting date and any subsequent change in that value. However, for unquoted investments, this may not be the case and it is important that fair value measurements and disclosures reflect the macroeconomic conditions (including uncertainties) at the reporting date and the factors that market participants would use in pricing the investments. In addition, entities may be requires to change the methods or assumptions previously used.

For example, an entity that previously determined the fair value of its investment properties based on comparable transactions may find itself with limited relevant data due to a decline in activity in the real estate market. As a result, the entity may need to apply additional valuation methods to ascertain that the fair values estimated using the comparable transactions approach are within a reasonable range of values in the circumstances. Clear and entity-specific information should be provided on the valuation techniques and assumptions used. The entity would also need to consider the requirements in paragraph 91 of IFRS 13 *Fair Value Measurement* to describe any significant changes in valuation measurements (such as changes in valuation techniques and transfers between levels in the fair value hierarchy) and the reasons for those changes. In addition, entities will need to ensure that their disclosures comply with the disclosure objectives in IFRS 13, paying attention to the disclosure of all key inputs such as capitalisation rate and / or rate of return.

It is worth remembering that the disclosure requirements in IFRS 13 extend to fair value measurements performed for disclosure purposes only. For example, IFRS 7:25 requires an entity to disclose the fair value of financial assets and financial liabilities measured at amortised cost (except when their carrying amount is a reasonable approximation of fair value). The disclosures required by IFRS 13 include the level of the fair value hierarchy and a description of the valuation techniques and the inputs for fair value measurement of financial instruments within Level 2 and 3 of the fair value hierarchy. As indicated above, a description should be provided of significant changes in the fair value measurement techniques and the reasons thereof. In addition, in a higher interest rate environment, the conclusion that the carrying amount of a financial instrument (especially fixed rate debt instruments) approximates its fair value may no longer be appropriate.

Finally, IFRS 13:93 requires an entity to provide additional information with respect of Level 3 fair value measurement of financial assets and financial liabilities measured at fair value on a recurring basis. This information includes quantitative information when a change in one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, the effect of those changes, and how the effect of such a change is calculated. In a context of uncertainty, the range of reasonably possible alternative assumptions may be broad. The sensitivity disclosures should be sufficiently detailed to provide meaningful information to users of the entity's financial statements.

IFRS 15 *Revenue from Contracts with Customers*

Even though tariffs are costs imposed on a purchaser who imports goods, they may affect in a number of ways how an entity (a seller) accounts for contracts with customers, applying IFRS 15.

As a result of the direct and indirect effects of tariffs, an entity may expect to incur higher costs in fulfilling a performance obligation that is satisfied over time. If the entity is using costs incurred to date as an input method to measure progress toward complete satisfaction of the performance obligation, it should update its measure of progress as circumstances change. In estimating costs to completion at the reporting date, the entity should take into account the expected impact of tariffs (e.g. expected new tariffs, increase / decrease in existing tariffs or their temporary suspension – see **Events after the reporting date** for a discussion of the impact of the announcement of new tariffs or changes to existing tariffs after the reporting date). An increase in estimated costs of completion may result in a decrease in both the percentage of completion and the cumulative revenue to be recognised, which is accounted for as a change in estimate and disclosed, if material, applying paragraph 39 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Some contracts with customers may include price adjustment clauses that automatically allow for a cost increase (e.g. as a result of increase in tariffs) to be mirrored in the pricing to the customer. Such price adjustment clauses are accounted for as variable consideration, as described in IFRS 15. However, when a contract does not include a mechanism for addressing changes in costs, the effect of a potential increase in the price payable by the customer should not be reflected in the transaction price until the contract is modified, at which point the impact should be accounted for as a contract modification.

Unlike sales taxes, tariffs imposed on the supplier that are passed on to a customer through price adjustments (whether as a result of the pre-existing terms of the contract or its renegotiation) do not constitute amounts collected on behalf of third parties and therefore such adjustments should be reflected in the transaction price (either as variable consideration or a contract modification, based on facts and circumstances).

The current macroeconomic uncertainties may affect a customer's ability to pay amounts due under the contract. As a result, expected credit losses may be affected, and entities may need to consider whether the potential inability of a customer to pay may affect their conclusion that a contract with a customer meets the conditions in IFRS 15 for revenue to be recognised. In such a scenario, further revenue recognition may be precluded until there is an appropriate change in circumstances. Entities may also renegotiate contracts, grant concessions (e.g. to share the burden of tariffs with customers who are importers) or cancel contracts, which would require an entity to consider the requirements of IFRS 15 on contract modifications and on price concessions.

Where applicable, entities should disclose significant judgements made in accounting for revenue from contracts with customers (for example, in assessing the accounting treatment of modifications) and changes in these judgements, significant estimates (for example, in connection with variable consideration) and explain their impact on financial statements. In addition, entities may need to consider whether geopolitical or other uncertainties require changes in the disclosures on the disaggregation of revenue.

Finally, if a loss is expected on a contract, the entity will need to assess whether an onerous contract provision should be recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Onerous contracts provisions

Because of changes to global trade, unavoidable costs of meeting the obligations under the contract may exceed the benefits expected to be received, resulting in an onerous contract. IAS 37 requires recognition of a provision in respect of an onerous contract.

Examples of contracts entered into at the reporting date for which an onerous contract provision may be required include:

- contracts for the purchase of imported goods subject to tariffs
- purchase contracts that include automatic price adjustments if the costs incurred by the supplier are increased
- revenue contracts (e.g. if the costs required to fulfil the contracts are subject to tariffs).

The provision recognised for an onerous contract should reflect the least net cost of exiting from the contract, i.e. the lower of:

- the cost of fulfilling the contract; and
- any compensation or penalties arising from failure to fulfil the contract.

In determining the least net cost of exiting the contract, an entity should pay attention to the terms of the contract that allow the entity to terminate the contract without incurring penalties in certain extraordinary circumstances ('force majeure'). If a contract includes such a force majeure provision that can be enacted when tariffs incurred by an importer change, it may be that the contract is not onerous because the entity can avoid any further obligations.

IAS 37 requires that "[t]he effect of possible new legislation is taken into consideration in measuring an existing obligation when sufficient objective evidence exists that the legislation is virtually certain to be enacted. The standard notes "[i]n many cases sufficient objective evidence will not exist until the new legislation is enacted." Hence, an entity should generally assess whether a contract is onerous, and if so measure the onerous contract provision, based on tariffs that are enacted at the reporting date. Judgement will be required to assess the extent to which other inputs used in the assessment and measurement of onerous contract provisions should reflect an expected amount (for example, the extent to which the "benefits expected to be received" under the contract reflect expected changes in sale prices or volume).

Restructuring provisions
Entities experiencing economic uncertainty might also engage in various forms of restructuring (business sales, closure or relocation of operations etc). IAS 37 requires a provision for the costs of restructuring if, and only if, strict criteria are met.

Financial instruments
Expected credit losses
Applying IFRS 9, expected credit losses (ECL) reflect a current probability-weighted calculation of cash shortfalls arising on trade receivables, debt instruments, lease receivables, contract assets, written loan commitments and financial guarantees. The estimation of ECL should consider the impact of the current economic environment on a borrower's ability to repay, specifically the impact arising from inflation, higher interest rates, new or increased tariffs, lower corporate profitability and reduced household incomes. The general widening of credit spreads leads to an increased likelihood of exposures moving from 12 months to lifetime ECL. This reflects the fact that the current uncertain macroeconomic and geopolitical environment may have given rise to a significant increase in credit risk relative to the credit risk that existed when the exposure was first recognised. This may be more concentrated for exposures to certain sectors and geographies reflecting the disproportionate burden inflation interest and foreign exchange rates may have on those groups compared with others.

See also **Events after the reporting date** for a discussion of the impact of the announcement of new tariffs or changes to existing tariffs after the reporting date.

Hedge accounting
When a transaction has been designated as the hedged item in a cash flow hedge relationship, the entity needs to consider whether the transaction is still a "highly probable forecasted transaction" and if not, whether it is still expected to occur. Because of that, the current economic environment may affect an entity's ability to apply hedge accounting—for example, when an entity uses interest rate swaps to hedge future debt issuances that are no longer expected to occur as a result of an increase in interest rates.

If an entity determines that a forecasted transaction is no longer highly probable, but still expected to occur, the entity should discontinue hedge accounting prospectively. Gains and losses previously recognised in other comprehensive income are retained in the cash flow hedge reserve until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur the entity should immediately reclassify to profit or loss any accumulated gain or loss recognised in the cash flow hedge reserve in respect of the hedging instrument.

In addition, increases in credit risk may cause a hedge relationship to fail the hedge effectiveness assessment if credit risk dominates the value changes resulting from the economic relationship between the hedging instrument and the hedged item. As such, entities need to assess, for example, whether an increased risk of counterparty default because of the current environment should lead to a discontinuation of hedge accounting.

Where relevant, entities may need to consider providing detailed disclosures on the effectiveness of hedging relationships during and at the end of the reporting period, and information on discontinued hedging relationships.

Climate-related risks in financial statements
For some time, regulators have been urging entities to pay particular attention to climate-related matters and their effects when providing a balanced and comprehensive analysis of the development and performance of the entity's operations and financial position together with a description of the principal risks and uncertainties that it faces.

Achieving connectivity between information in the financial statements and information provided elsewhere in the annual report helps entities provide a comprehensive and integrated view of their financial performance and financial position. In the context of climate-related matters, connectivity helps users of the financial statements understand better an entity's risks and opportunities arising from climate change. It also assists entities reduce the risk of perceived greenwashing.

In October 2023, the European Securities and Markets Authority (ESMA) published a report titled *The Heat is On: Disclosures of Climate-Related Matters in the Financial Statements*. The report outlines four high level principles used to identify connectivity within the annual financial report:

1. *Consistency and coherence:* Do assumptions appear consistent within and across the different components of the annual financial report?

2. *Complementarity:* Is there complementarity between the information included in the non-financial section of the annual financial report and the financial statements?

3. *Cross-referencing:* Are there links within and across the different components of the annual financial report?

4. *Avoidance of repetition:* Is the information specific and useful to an understanding of the financial statements or is it merely repeating the contents of the non-financial section of the annual financial report?

The ESMA report also presents an enforcers' view of how entities may provide more relevant and transparent information in relation to climate-related matters in financial statements. In particular, the report provides a collection of examples of climate-related disclosures that are consistent with ESMA common enforcement priorities. Whilst the report is targeted towards European issuers, the themes addressed will also be of interest to entities in other jurisdictions.

In November 2025, the IASB issued *Disclosures about Uncertainties in the Financial Statements* which add six examples to IFRS Accounting Standards that illustrate how an entity applies the requirements in those standards to report the effects of uncertainties in its financial statements. The examples mostly focus on climate-related uncertainties, but the principles and requirements illustrated apply equally to other types of uncertainties.

In particular, the examples highlight that an absence of material effects on financial statements arising from climate or other risks can itself require disclosure and explanation (beyond that specifically required by IFRS Accounting Standards), particularly when statements made elsewhere in an annual report or pervasive industry factors might otherwise lead a reasonable user to perceive a material inconsistency between that other information and the financial statements.

The inclusion of information about future plans in material accompanying the financial statements does not, however, necessarily mean that there is material information to add to the financial statements. Careful judgement on, amongst other things, the materiality of potential risks will be necessary to apply the principles expressed in these scenarios.

A Deloitte *iGAAP in Focus* further outlines these illustrative examples.

Consistency of information

Entities should consider whether the degree of emphasis placed on climate-related matters elsewhere in the annual report is consistent with how climate-related matters have been reflected in the judgements and estimates applied in the financial statements.
Forecasts used for financial reporting purposes should reflect the entity's strategic plans and planned actions at the reporting date and should be based on best estimates at the reporting date (for example, when short- or medium-term actions are necessary to meet a stated longer-term decarbonisation commitment reflected in the annual report). Particular focus should be placed on climate-related commitments and targets, such as the reduction of greenhouse gas emissions and decarbonisation plans. Where relevant, an entity should disclose in its financial statements the timing and the financial impacts of planned investments and transition plans.
If the discussion of an entity's climate-related plans includes both short-term commitments and longer-term plans and aspirations, it is important that these are distinguished from each other and that there is clarity regarding which firm commitments are incorporated into the entity's budgets and accounting assumptions.

If climate-related matters are material, it is expected that they are considered in the preparation of financial statements, even if IFRS Accounting Standards do not explicitly refer to those matters. It cannot be assumed that investors or regulators[1] will be satisfied with boilerplate disclosures stating that climate-related matters have been considered (for instance, in impairment tests) without further explanation as to how and to what extent they affect (or do not affect) financial statements. For example, investors want to understand whether an entity's forecasts used for financial reporting are aligned with the goals of the Paris Agreement[2]. There are multiple possible scenarios and ranges of possible outcomes under different climate change trajectories. It is important for entities to be clear about the assumptions used and to make greater use of sensitivity analyses.

1. For example, refer to the Report 27th Extract from the EECS's Database of Enforcement issued by ESMA in March 2023 (items VII and VIII)
2. Discussed in more detail in A Closer Look – Investor demand for corporate reporting in line with the Paris Agreement on climate change

Where applicable, entities should explain any deviations between the assumptions used in impairment tests (including sensitivity analysis) or provisions recognised and their climate-related commitments, plans and / or strategy. For example, such a deviation may arise when the climate-related commitment of the entity does not give rise to a constructive obligation applying IAS 37 such that no related provision has been recognised.

Impairment of non-financial assets
Exposure to climate-related risks (physical or transition risks) could be an indication of impairment or could affect the estimated cash flows used in determining the recoverable amount of an asset or group of assets. The effect of climate-related risks on either forecast cash flows or discount rates can also be a key assumption requiring disclosure under IAS 36, in which case an explanation of the key assumption and its forecast effects on the entity's future cash flows should be provided.

For example, when an input used in performing an impairment test is linked to climate-related matters and is identified as a key assumption, entities need to consider the disclosure of the quantified assumption used (e.g. carbon pricing, including the entity's anticipated ability to recover carbon costs through pricing of its output, or timing and amount of the replacement of certain assets), the basis or source of such quantifications (noting that greater weight should be given to external evidence) and, when relevant, a sensitivity analysis.

Similarly, disclosure may be required when climate-related matters impact the business plan assumptions used to estimate the recoverable amount of assets, the period considered beyond the business plan and the financial assumptions used (such as the discount rate and the growth rate).

Further, IAS 36 requires that the value in use of a CGU includes the cash outflows necessary to maintain the current level of benefits expected to arise from the assets of the CGU but excludes those relating to the enhancement of assets. In some cases, distinguishing between the two (for example, as part of a decarbonisation plan) may not be straightforward and may represent a key assumption that should be disclosed.

Other areas of the financial statements
Entities may also need to consider the following specific topics when assessing the impact of climate-related matters on their financial statements:

- If an entity has concluded that climate-related matters are not expected to have a material financial impact on its operations and / or on the measurement of its assets and liabilities, regulators expect the entity, in particular if it operates in a highly-exposed sector, to disclose the assessments performed, judgements made and the time horizon used to reach such a conclusion. The disclosures should be tailored to the specific circumstances of the entity.

- Entities that are either legally required or have decided voluntarily to offset their carbon emissions should ensure that appropriate disclosure is provided of the resulting impacts on their financial performance, financial position and cash flows, including the associated financial statements line items. This may include, for example, disclosure of the accounting policies used for the recognition, measurement and presentation of the associated financial statements items (e.g. assets for greenhouse gas (GHG) allowances or carbon offsets and / or provisions for emissions), the main terms and nature of the schemes in which they participate (including whether the schemes are mandatory or voluntary) and the amount of carbon allowances or renewable energy certificates acquired, owned, owed, consumed or sold.

In October 2024, ESMA issued a public statement *Clearing the Smog: Accounting for Carbon Allowances in Financial Statements* that aims to raise entities' awareness regarding the financial statements considerations related to carbon pricing programmes.

The publication reminds entities to carefully analyse the contractual features of the carbon pricing programmes they have entered, or plan to enter, and any other requirements or regulations to which the entity (its industry or sector) may be subject. Different contractual features and instruments may entail different accounting treatments. Issues to consider include:

- Does the carbon pricing programme give rise to rights that meet the definition of assets under IFRS Accounting Standards? If so, what is the nature, timing of recognition and measurement of the assets?

- Does the entity have an obligation to acquire carbon allowances? If so, when should the liability be recognised and how should it be measured?

- What is the nature of items of income or expenses that the carbon pricing programme generates and at which point should these amounts be recognised?

- How should cash flows related to the carbon pricing programme be classified in the statement of cash flows?

- What disclosures are needed to enable a user of the financial information to understand the impact of the carbon pricing programme?

- Financial institutions engaged in green financing (e.g. issuance of ESG-indexed loans) need to consider disclosing the information necessary for users of their financial statements to understand the impacts and assess the nature and extent of the specific risks associated with these financial instruments (e.g. the key characteristics of the instruments, carrying amounts, maturities, environmental criteria, the specific risks associated with those instruments, their impact and sensitivity on cash flows and how these risks are managed). Disclosure may also be required if significant judgement was involved in the application of the entity's accounting policy, for example when assessing whether the contractual cash flows of ESG-linked financial assets are payments of principal and / or interest on the principal amount outstanding.

The recent amendments to IFRS 9 and IFRS 7 (see also **Selected new accounting requirements** below) have modified the requirements on how an entity assesses whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist entities to apply these requirements to financial assets with ESG-linked features, making it more likely that such instruments are measured at amortised cost.

Whilst the amendments are effective for annual reporting periods beginning on or after 1 January 2026, an entity is permitted to apply all amendments or only the amendments related to the classification of financial assets for an earlier period.

In addition, climate-related risks may have an effect on a financial institution's credit risk exposures from the products it offers to its customers which may need to be considered when providing disclosures required by IFRS 7:35A-36 about credit risk arising from financial instruments.

A Deloitte *A Closer Look* provides a background on investor expectations in respect of climate as well as what requirements are highlighted by the IFRS Foundation's publication *In Brief: IFRS Standards and climate-related disclosures* and the IASB's educational material on the effects of climate-related matters on financial statements and how they might apply in practice.

In addition, in April 2024, the IFRS Interpretations Committee published an agenda decision explaining the analysis to be performed to assess the impact of an entity's climate-related commitments in its financial statements.

Sustainability reporting developments

IFRS Sustainability Disclosure Standards

The International Sustainability Standards Board's (ISSB) objective is to develop high-quality sustainability disclosure standards to meet the sustainability information needs of capital markets.

To date, the ISSB has issued two standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures:*

- IFRS S1 sets out overall requirements for an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity

- IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Both standards are effective for annual periods beginning on or after 1 January 2024, with substantial transitional reliefs to allow preparers more time to align reporting of sustainability-related financial disclosures and financial statements. Whilst the standards are effective from 1 January 2024, they only become mandatory once a jurisdiction adopts those standards. More than 30 jurisdictions have already decided to use or are taking steps to introduce IFRS Sustainability Disclosure Standards in their legal or regulatory frameworks. These jurisdictions represent more than half the global economy, based on GDP. A Deloitte publication *Adoption of IFRS Sustainability Disclosure Standards by jurisdiction* gives an overview about jurisdictions that have adopted or are in the process of adopting the ISSB standards.

A Deloitte *iGAAP in Focus* outlines the key requirements of IFRS S1 and IFRS S2. In addition, there are non-authoritative educational materials developed by the ISSB staff which are available to support entities implementing IFRS S1 and IFRS S2.

Subsequent to the issue of the two standards:

- in July 2025, the ISSB issued two exposure drafts:
  - *Proposed Amendments to the SASB Standards* – which proposes amendments to nine SASB standards that have been prioritised by the ISSB for comprehensive review, and aligning the corresponding metrics in other SASB standards to maintain consistent disclosures on these common topics among industries where appropriate
  - *Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2* – which proposes amendments to the guidance to maintain its alignment with the SASB standards.

  The comment period for the EDs ended on 30 November 2025. A Deloitte *iGAAP in Focus* provides more details on the proposals.

- in December 2025, the ISSB issued *Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)* that include targeted amendments to IFRS S2 to provide additional relief and clarify existing relief from specific greenhouse gas emissions disclosure requirements. A Deloitte *iGAAP in Focus* provides more details on the amendments.

Jurisdictional developments with significant extraterritorial reach

European Union Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRSs)

On 26 February 2025, the European Commission (EC) published several proposed pieces of legislation (so-called "omnibus package") that aim to reduce significantly the sustainability and due diligence reporting burden imposed by the CSRD, the EU Taxonomy Regulation and the Corporate Sustainability Due Diligence Directive (CSDDD). Key changes include:

- applicability of the CSRD: limiting the CSRD to entities with over 1,000 employees, a net turnover exceeding EUR 50 million, or a balance sheet total exceeding EUR 25 million
- reporting deadlines: postponing the CSRD's effective date for the second wave of entities (large entities that are not in the first wave) from 2025 to 2027 and the third wave (listed SMEs, small and non-complex credit institutions, and captive insurance and reinsurance entities) from 2026 to 2028
- postponement of CSDDD: delaying the CSDDD's transposition and application for the largest entities by one year.

The changes to the CSRD's reporting deadlines and to the transposition and application of the CSDDD were published in the Official Journal of the EU on 16 April 2025 and are now effective. Member States are expected to transpose the legal text by 31 December 2025 in time to be effective for the 2025 reporting period.

In turn, entities in the first wave are allowed to maintain the level of reporting that was applied in 2024 also for 2025 and 2026 following the publication of the respective delegated act in the Official Journal of the EU on 10 November 2025 and its entering into force on 13 November 2025.

Furthermore, on 27 March 2025, the EC requested technical advice from EFRAG to simplify the ESRSs, aiming to:

- substantially reduce the number of mandatory ESRS datapoints
- clarify provisions that are deemed unclear
- clarify further how to apply the materiality principle
- simplify the structure and the presentation of the standards
- enhance interoperability with global sustainability reporting standards
- reflect considerations of the experience of the first entities applying the ESRSs.

EFRAG submitted its technical advice to the EC on 3 December 2025. A Deloitte *iGAAP in Focus* sets out the draft revised ESRSs. The EC plans to adopt the revised ESRSs as a delegated act, applicable for the 2027 financial year, with potential voluntary application in 2026.

More information is available in a Deloitte *iGAAP in Focus* on the omnibus package (updated on 10 December 2025 to reflect developments since publication of the omnibus proposal).

The text below reflects the CSRD as published in the EU Official Journal in December 2022, i.e. without taking into account the amendments proposed in the omnibus package. The text will be updated once the proposals in the omnibus package are finalised.

The CSRD aims to improve sustainability reporting in an entity's management report for investors, civil society and other stakeholders, thereby contributing to the transition to a fully sustainable and inclusive economic and financial system in line with the European Green Deal and the UN Sustainable Development Goals.

The scope of the entities subject to the CSRD is wide, including entities (including non-EU entities) with securities listed on an EU-regulated market, with only limited exceptions. It also extends to certain non-listed EU entities (including EU subsidiaries of non-EU parents).

The first set of ESRSs includes:

- two cross-cutting standards, which address:
  - general requirements that entities should comply with when preparing and presenting sustainability-related information (ESRS 1). This includes the requirement to perform a materiality assessment applying the double-materiality principle
  - general disclosures that apply to all entities regardless of their sector of activity (i.e. sector agnostic) and across sustainability topics (ESRS 2)
- ten topical standards, which cover environmental, social and governance topics from a sector agnostic perspective.

The CSRD specifies the effective date for mandatory disclosure in accordance with ESRSs for different types of entities. The first wave of entities were required to apply ESRSs for periods beginning on or after 1 January 2024.

The following documents are available to entities implementing these requirements:

- in November 2024, the EC published in the Official Journal a set of 90 frequently asked questions (FAQs). The FAQs provide clarifications interpreting certain sustainability reporting requirements under the CSRD, as well as a number of FAQs on ESRSs, EU Taxonomy Regulation disclosures, digital format requirements, assurance and the Sustainable Finance Disclosures Regulation
- in May 2024, EFRAG issued three ESRS Implementation Guidance documents: *EFRAG IG 1: Materiality Assessment*, *EFRAG IG 2: Value Chain,* and *EFRAG IG 3: Detailed ESRS Datapoints* and accompanying *Explanatory Note.*

In addition, EFRAG published a *Compilation of Explanations* document, which includes technical ESRS questions that were received through the EFRAG ESRS Q&A Platform. These EFRAG documents are non-authoritative.

These EFRAG documents are non-authoritative.

ESMA's common enforcement priorities for 2025 include a reminder that the revised ESRSs (see above) will only be applicable after their publication in the EU Official Journal and accordingly that entities should not rely on EFRAG exposure drafts or final technical advice to the EC to prepare their disclosures for the 2025 financial year.

In addition, ESMA identifies the following items as 2025 priorities related to sustainability statements.

With regard to materiality considerations in reporting under ESRSs, ESMA:

- stresses the need for entities to pay particular attention to the disclosures in ESRS 2 on the materiality assessment process followed, avoiding boilerplate disclosures and providing sufficient insights on how the ESRSs requirements were adapted to entities' facts and circumstances
- highlights the datapoint on the input parameters to the materiality assessment process, the disclosure on the thresholds (especially, for the matters whose materiality an entity was most uncertain of during the assessment process), the expectation on transparency on how an entity considered gross impacts (i.e. before the effect of any prevention, mitigation or remediation actions), and the information on the engagement with affected stakeholders
- underlines the importance of the ESRS 2 disclosures on the results of the assessment process, highlighting the requirements and recommendations on the description of the IROs (e.g. the related time horizon, whether the IROs arise in the entity's own operations or the value chain, the explanation of any interdependency among the material IROs, and facilitation of distinguishment between the positive impacts and mitigation of negative impacts) and connection between the IROs and the topical disclosures (e.g. through a mapping of IROs to the ESRSs topics and sub-topics and the use of the ESRSs terminology in the description of IROs), and encouraging, as a good practice, the systematic signposting of the entity-specific disclosures for their easier identification within the statement
- reminds entities that non-material information, in cases allowed by ESRSs, should be clearly identified and not obscure material information.

With regard to the scope and structure of the sustainability statement, ESMA:

- reminds entities that the sustainability statement should be for the same reporting entity as the financial statements
- notes that the information provided in the sustainability statement is extended to include information on material IROs connected with the entity's value chain and provides reminders on the disclosure considerations of scope limitations with regard to entities in the value chain
- recommends that entities that intend to use internal cross-referencing and incorporation by reference ensure that this does not result in scattering of information that defeats the overall purpose of readability and clarity
- notes the practical solution of including a reference to the disclosure requirement when disclosing the related information to increase the accessibility and readability of the sustainability statement, and encourages the use of hyperlinks to facilitate internal references
- reminds entities that, when monetary amounts or other quantitative information are included in both the sustainability statement and the financial statements, ESRS 1:124 requires a reference from the former to the latter.

The following Deloitte publications provide further information:

- *iGAAP in Focus* outlining the first set of ESRSs
- *iGAAP in Focus* outlining the requirements of the EU Taxonomy Regulation
- *iGAAP in Focus* addressing considerations relating to 'fair presentation' under the CSRD and its implications for the preparation of sustainability statements.

Interoperability guidance
In May 2024, the IFRS Foundation and EFRAG published *Interoperability Guidance* to support entities that apply both IFRS Sustainability Disclosure Standards and ESRSs. The guidance provides an overview of the alignment between the two sets of standards. It notes that the definition of financial materiality in ESRSs is aligned with the definition of materiality in the IFRS Sustainability Disclosure Standards, there are many commonly defined terms, and almost all the disclosures in IFRS Sustainability Disclosure Standards related to climate are included in ESRSs.

However, this does not mean that entities can apply one set of standards and automatically claim compliance with the other. Care needs to be taken to consider the objectives and requirements of each set if applying them together. For example, entities will need to make sure they have identified additional climate-related disclosure requirements prescribed by each set of standards, especially in ESRSs.
In addition, entities need to be mindful that ESRSs are intended to meet the information needs of a broader audience (given the application of the double-materiality principle) than users of general purpose financial reports.

The interoperability guidance must be read in conjunction with the relevant standards. An entity cannot rely on this guidance in isolation to meet the requirements in IFRS Sustainability Disclosure Standards or ESRSs.

United States of America
Securities and Exchange Commission (SEC)
On 27 March 2025, the SEC voted to withdraw its legal defence of its March 2024 final rule on climate-related disclosures against parties that have legally challenged the rule. The rule was meant to require registrants, including foreign registrants, to provide climate-related disclosures in their annual reports and registration statements. Previously, the SEC had stayed (suspended) the effective date of the final rule pending judicial review of petitions challenging it.

On 12 September 2025, the court issued an order pausing the case and noted that it is the SEC "responsibility to determine whether its final rule will be rescinded, repealed, modified, or defended in litigation". It is uncertain how the litigation will move forward or whether the SEC will amend or repeal the rule. However, it is unlikely that the final rule will continue in its current form even if the court upholds it or the litigation is dropped given that the current SEC chairman co-authored an opinion piece in 2022 questioning the final rule's legality and two of the three other current SEC commissioners voted against issuing the final rule.

California
In October 2023, the California Governor signed into law three bills that collectively require certain public and private US entities doing business in California to provide quantitative and qualitative climate-related disclosures.

The bills, SB-253 *Climate Corporate Data Accountability Act* and SB-261 *Greenhouse gases: climate-related financial risk,* establish the first industry-agnostic US regulations that mandate the corporate reporting of greenhouse gas emissions and climate risks in the United States.

In addition, the California assembly bill AB-1305 *Voluntary carbon market disclosures* is intended to combat greenwashing of climate-related emission claims and establishes requirements for both US and international entities that market or sell voluntary carbon offsets (VCOs) within California as well as entities that operate in California and make certain climate-related emission claims in that state (whether or not they purchase or use VCOs).

SB-219 *Greenhouse gases: climate corporate accountability: climate-related financial risk*, which was signed into law in September 2024, should help reduce the financial burden of complying with SB-253 by allowing:

- entities to provide a consolidated parent-level emission disclosure report
- the California Air Resource Board (CARB) to establish a schedule for Scope 3 GHG emission reporting.

Under SB-253, entities would report Scope 1 and Scope 2 GHG emissions starting in 2026 based on 2025 GHG emissions data. The CARB has proposed a deadline for this reporting of 10 August 2026 for fiscal years ending between 2 February 2025 and 1 February 2026. Entities would begin reporting Scope 3 GHG emissions in 2027, on the basis of 2026 GHG emissions data.

The CARB is required to issue regulations for reporting required by SB-253. While SB-253, as amended by SB-219, includes a deadline of 1 July 2025 for implementing regulations, CARB's staff suggested that it will work toward developing regulations by Q1 2026. However, state law provides up to a year to finalise regulations once they are proposed.

Under SB-261, an entity must post a climate-related financial risk report on its website on or before 1 January 2026, and biennially thereafter. However, as noted below, the US Court of Appeals for the Ninth Circuit granted a temporary injunction and the CARB has indicated that it will not enforce the 1 January 2026 deadline and will establish a new deadline if and when the injunction is lifted.

Legal challenges to SB-253 and SB-261 are ongoing. The plaintiffs in *Chamber of Commerce of the United States of America v. California Air Resource Board* (filed in January 2024) assert that SB-253 and SB-261 "unlawfully attempt to regulate speech related to climate change" and that the bills violate the First Amendment as well as other federal laws. They are asking the US District Court for the Central District of California to declare SB-253 and SB-261 null and void, with no force or effect.

On 18 November 2025, the US Court of Appeals for the Ninth Circuit granted a temporary injunction of SB-261, but refused to grant a similar temporary injunction for SB-253. The temporary injunction is in effect until the court hears arguments.

A Deloitte *iGAAP in Focus* newsletter explains the content of these bills and a Deloitte in the US *Sustainability Spotlight* publication provides further details.

Greenhouse Gas Protocol

The Greenhouse Gas Protocol (the GHG Protocol) provides guidance regarding the measurement and disclosure of greenhouse gas (GHG) emissions within corporate reporting frameworks, with an aim of developing an accepted, global framework to measure and report GHG emissions. A number of sustainability reporting standard setters refer to the requirements of the GHG Protocol in respect of the disclosures they require in a sustainability reporting statement (for example, IFRS Sustainability Disclosure Standards and ESRSs).

In October 2025, the GHG Protocol launched a public consultation on proposed updates to the *Scope 2 Guidance*. The focus of the consultation is on location-based and market-based methods within an attributional, value-chain framework.

At the same time, the GHG Protocol is consulting on electricity-sector consequential methods, to inform its Actions and Market Instrument Technical Working Group which will develop requirements for reporting emissions impacts outside corporate inventories.

The consultation period ends on 31 January 2026. A Deloitte *iGAAP in Focus* provides more details on the proposals.

Task Force on Climate-related Financial Disclosures (TCFD)

Following the publication of IFRS S1 and IFRS S2, the Financial Stability Board (FSB) has concluded that the TCFD has now fulfilled its remit and recognised that the ISSB standards should serve as a global framework for sustainability disclosures. As such, the FSB announced it is transferring the monitoring of climate-related disclosures from TCFD to the IFRS Foundation from 2024.

However, entities who are in scope of mandatory TCFD reporting requirements must continue to make disclosures in line with the TCFD recommendations until and unless a relevant authority amends the requirement to permit or require reporting under the ISSB standards.

Regulators are focused on the quality of the information published by entities on the effects of climate change. For example, in 2022, the UK Financial Reporting Council (FRC) conducted a thematic review of TCFD disclosures and climate reporting in the financial statements. The output of the review provides more clarity on expectations for entities who have taken a more traditional 'wait and see' approach to reporting and disclosure in these areas, as examples of best practice do exist. The FRC emphasised that climate reporting should now be firmly established as a board level topic.

The FRC thematic review noted key issues where entities can improve. These areas may provide useful consideration for entities that report on TCFD outside the UK or on sustainability-related information more broadly:

- *granularity and specificity:* entities should provide information about risks and opportunities across the entity, breaking this down by business, sector and geography, where appropriate
- *balance:* discussion of climate-related risks and opportunities should be proportionate to their expected size, including a discussion of any dependencies on the development of new technologies when explaining the potential of climate-related opportunities. Balance is also necessary in describing the probabilities and dependencies of risks and opportunities. For example, the loss of current, carbon-intensive, income streams might be an inevitable function of decarbonisation whilst replacement income streams might currently be dependent on nascent or developing technologies. Disclosure of these dependencies is important to avoid giving the impression that transition risks will naturally be balanced out by opportunities in a lower carbon economy
- *interlinkage with other narrative disclosures:* TCFD disclosures should be integrated with other elements of narrative reporting, for example by incorporating the results of scenario analysis into the entity's description of overall strategy within the narrative report
- *materiality:* entities should provide an explanation of how they incorporate the TCFD all-sector guidance and supplemental guidance. Where disclosures are not given, the reason for the omission should be included. In particular, it should be clear whether the entity has considered these disclosures and determined them not to be material, or whether the matters covered by these disclosures have not been addressed in the entity's internal assessments
- *connectivity between TCFD and financial statements disclosures:* climate-related risks and opportunities identified within TCFD reporting should be properly integrated into the judgements and estimates that underpin the financial statements. Entities should also consider re-evaluating the presentation of their operating segments and disaggregated revenue disclosures in response to climate change and transition plans
- *governance:* entities should provide specific information on the oversight of climate-related matters, such as consideration of climate-related performance objectives and the effect of climate on decisions about major capital expenditure, acquisitions and disposals. Entities should also consider disclosing how climate-related risks are controlled and how climate-related metrics affect remuneration policies
- *strategy:* information on strategy should be granular and the level of detail included in scenario analyses should be consistent, including quantitative measures. The entity's discussion of risks and opportunities should not be disproportionately weighted towards opportunities
- *risk management:* climate-related matters should be integrated into the overall risk management processes. Particularly, processes for assessing the priority and materiality of climate-related risks should be well explained. To the extent possible, the potential impact of climate-related risks and opportunities should be quantified rather than only described using terms such as 'high' or 'low'. This is particularly important in indicating the extent to which the impact of climate-related opportunities might, or might not, outweigh those of risks
- *metrics and targets:* metrics should not only focus on Scope 1 and 2 GHG emissions but also include other climate-related risk and opportunity metrics. Historical data and explanation for movements should be provided to support the reader's understanding of progress against targets
- *assurance:* entities should clearly explain the level of any assurance given and what it covered. Terms such as 'verified' should be avoided as it may imply a higher level of assurance than has actually been obtained.

In July 2023, the UK FRC published the results of a thematic review on the quality of climate-related metrics and targets disclosures. This review shows an incremental improvement in the quality of entities' disclosure of net zero commitments and interim emissions targets. However, the report notes that:

- disclosures of concrete actions and milestones to meet targets were sometimes unclear, and comparability of metrics between entities remains challenging
- given the large volume of information presented, many entities are finding it challenging to explain their plans for transitioning to a low-carbon economy clearly and concisely
- explanations of how climate targets affect financial statements still need improvement. Boilerplate language on climate being 'considered' provides little insight on impacts.

In view of the pervasive nature and significance of climate-related risks and opportunities and the growing stakeholder expectations and regulatory focus, entities should consider the points above irrespective of whether they are providing voluntary or mandatory TCFD disclosures or they are preparing to provide sustainability-related information applying ISSB standards or ESRSs.

Currency and hyperinflation

The higher levels of general inflation have contributed to an increase in the number of jurisdictions that are subject to hyperinflation (as that term is defined in IAS 29 *Financial Reporting in Hyperinflationary Economies*). Entities are therefore increasingly facing the following challenges:

- determining whether an economy is hyperinflationary as defined in IAS 29 can sometimes prove difficult. The definition includes several characteristics of hyperinflation, including whether the cumulative inflation rate over three years approaches or exceeds 100%. tIt can also be challenging to decide which general price index should be applied to amounts in the financial statements

- difficulties in determining an entity's functional currency in circumstances where both a local and international currency are in common use. This can be particularly significant where the local currency is hyperinflationary. IAS 29 is only applied by entities whose functional currency is the currency of a hyperinflationary economy (rather than by any entity operating in that economy). It should also be noted that IAS 21 *The Effects of Changes in Foreign Exchange Rates* specifically states that "[a]n entity cannot avoid restatement in accordance with IAS 29 by, for example, adopting as its functional currency a currency other than the functional currency determined in accordance with this Standard (such as the functional currency of its parent)"

- when exchanges between a local currency and globally traded currencies are restricted, it may be difficult to identify a suitable exchange rate for translating monetary items in individual financial statements and translating the financial statements of a foreign operation in its parent's presentation currency. Although this issue is not specific to hyperinflationary economies, a shortage of 'hard' currency and therefore a need for exchange restrictions are often features of economies whose local currency is losing value.

A Deloitte *iGAAP in Focus* explains *Lack of Exchangeability (Amendments to IAS 21)* published by the IASB in August 2023 to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

When inflation or exchange issues result in a significant judgement or give rise to a source of estimation uncertainty, disclosure should be provided as required by IAS 1:122 and 125. Based on data available at the time of writing, including the latest inflation forecasts from the International Monetary Fund (IMF) published in October 2025 and the indicators laid out in IAS 29, the following economies are widely considered to be hyperinflationary for the purposes of applying IAS 29 and for retranslation of foreign operations in accordance with IAS 21 in financial statements for reporting periods ending on or after 31 December 2025:

- Argentina
- Burundi
- Haiti
- Iran
- Lebanon
- Malawi
- Myanmar (new)
- Sierra Leone
- South Sudan
- Sudan
- Syria
- Türkiye
- Venezuela
- Zimbabwe

Ghana, Lao PDR and Suriname

Ghana, Lao PDR and Suriname are no longer identified as hyperinflationary economies for reporting periods ending on or after 31 December 2025 but all should continue to be monitored.

Nigeria

As at September 2025, the three-year cumulative inflation in Nigeria stood at 98.3% (as per the Nigerian National Bureau of Statistics), having been marginally above 100% between March and July 2025. The IMF World Economic Outlook report released in October 2025 forecast a decrease in three-year cumulative inflation to 80% by the end of 2025 with a further decrease forecast in 2026.

As current three-year cumulative inflation is, albeit marginally, below 100% and is forecast to remain below that benchmark, Nigeria is not currently identified as hyperinflationary economy but should be monitored closely.

Egypt

As at September 2025, the three-year cumulative inflation in Egypt stood at 94.8% (per the Central Bank of Egypt), having been below 100% since April. Although the IMF World Economic Outlook report released in October 2025 did not include a forecast for December 2025, it included a forecast three-year cumulative inflation to June 2026 of 63%.

As current three-year cumulative inflation is, albeit marginally, below 100% and is forecast to remain below that benchmark, Egypt is not currently identified as hyperinflationary economy but should be monitored closely.

Other countries
As at 31 October 2025, other countries whose currencies should be monitored for hyperinflation include Angola, Ethiopia and Yemen.

Entities should be aware that the list of economies widely considered to be hyperinflationary for the purposes of applying IAS 29 may change by the time of their reporting date.

Selected new accounting requirements
For the full list of the upcoming accounting requirements, refer to the appendices of this publication.

IAS 8:30 requires entities to consider and disclose (in annual financial statements) the potential impact of new and revised IFRS Accounting Standards that have been issued (up to the date the financial statements are authorised for issue) but are not yet effective. The sufficiency of these disclosures is a current area of regulatory focus.

Effective for annual reporting periods beginning on or after 1 January 2026
Contracts Referencing Nature-dependent Electricity
In December 2024, the IASB issued *Contracts Referencing Nature-dependent Electricity* which amends IFRS 9 and IFRS 7 to:

- add application guidance to IFRS 9 to address whether a contract to buy electricity generated from a source dependent on natural conditions is held for the entity's own-use expectations
- permit an entity to designate a variable nominal amount of electricity as the hedged item when an entity applies the hedge accounting requirements in IFRS 9 and designates a contract referencing nature-dependent electricity with a variable nominal amount as the hedging instrument
- add related disclosure requirements to IFRS 7.

A Deloitte *iGAAP in Focus* explains the key amendments to IFRS 9 and IFRS 7.

Amendments to the Classification and Measurement of Financial Instruments
In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments* which amend IFRS 9 and IFRS 7 and address the following topics:

- derecognition of a financial liability settled through electronic transfer
- classification of financial assets—contractual terms that are consistent with a basic lending arrangement
- classification of financial assets—financial assets with non-recourse features
- classification of financial assets—contractually linked instruments
- disclosures—investments in equity instruments designated at FVTOCI
- disclosures—contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event.

A Deloitte *iGAAP in Focus* explains the key amendments to IFRS 9 and IFRS 7.

Effective for annual reporting periods beginning on or after 1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* which replaces IAS 1. The new standard carries forward many of the requirements in IAS 1 unchanged and complements them with new requirements to:

- present specified categories (operating, investing, financing, income taxes and discontinued operations) and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

Some of the requirements in IAS 1 are moved to IAS 8 and IFRS 7. The IASB also made minor amendments to IAS 7 and IAS 33 *Earnings per Share*.

A Deloitte *iGAAP in Focus* explains the key requirements of IFRS 18.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures* which permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible, and such subsidiaries can apply IFRS 19 in their consolidated, separate or individual financial statements.

In August 2025, the IASB issued amendments to IFRS 19 that provide reduced disclosure requirements for new or recently amended IFRS Accounting Standards. The amendments share the same effective date as IFRS 19.

Deloitte *iGAAP in Focus* publications explain the key requirements of IFRS 19 and the amendments.

Translation to a Hyperinflationary Presentation Currency
In November 2025, the IASB issued *Translation to a Hyperinflationary Presentation Currency* which amends IAS 21 to require:

- an entity translating financial statements from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy – to translate all amounts (including comparatives) using the closing rate at the date of the most recent statement of financial position

- an entity with a functional and presentation currency that is the currency of a hyperinflationary economy that translates a foreign operation whose functional currency is that of a non-hyperinflationary economy – to restate comparative amounts of that foreign operation by applying the general price index it uses to restate corresponding figures under IAS 29

- to disclose that the new translation method has been applied, including summarised financial information about the foreign operations translated applying it.

A Deloitte *iGAAP in Focus* explains the key amendments to IAS 21.

Other reporting considerations

Revenue from contracts with customers

Although IFRS 15 has been applied by entities for several years, regulators continue to have significant findings in their enforcement activity around this area. These findings often relate to inadequate disclosures, in particular on significant judgements made in relation to revenue recognition. Entities should consider the adequacy and clarity of the information they include in their financial statements, for example, in respect of:

- all significant revenue streams, including specific accounting policies, timing of revenue recognition, basis for recognising revenue over time and the methodology applied

- significant judgements made when assessing whether a contract, in particular a long-term contract, meets the definition of a contract with a customer in the scope of IFRS 15

- the assessment of whether the entity acts as a principal or an agent in providing goods or services to a customer (for instance, when the entity operates online shopping platforms or provides services such as software licences)

- the requirements in IFRS 15:120 to disclose information about the amount and timing of revenue that the entity expects to recognise for existing contracts. This information should include an explanation of the significant judgements used and the potential effect of any changes, when determining estimates. An entity may consider including a reconciliation between the opening and closing balances of the remaining performance obligations showing, for example, new and cancelled contracts during the year, issued invoices, the effect of changes in the group structure (e.g. business combinations or disposals) and the effect of changes in foreign currency.

In addition, for long-term contracts with customers (e.g. construction contracts), where the fulfilment of the corresponding obligations extends over several accounting periods, there is often uncertainty regarding revenues and costs. Given the current macroeconomic environment, entities should ensure that forecasts used are reasonable and supportable, particularly when measuring the progress towards complete satisfaction of a performance obligation when revenue is recognised over time. If a contract becomes onerous, a provision should be recognised and measured applying IAS 37 and the disclosure requirements in that standard applied (in particular, the disclosure of uncertainties in the amount or timing of the outflows of economic benefits and, if relevant, the major assumptions made concerning future events).

Statement of cash flows

The proper reporting of cash flows remains an area of focus for investors and regulators. Key issues raised by regulators include:

- the classification of cash flows as operating, investing or financing should comply with the definitions in IAS 7
- amounts presented as cash and cash equivalents should reflect the criteria in IAS 7. In particular:
  - only bank overdrafts that are repayable on demand and form an integral part of an entity's cash management should be included as a component of cash and cash equivalents. Bank facilities should usually be presented as part of financing activities if the balance does not fluctuate often between negative and positive in practice
  - only short-term investments with a maturity of less than three months at acquisition can normally qualify as cash equivalents
- the components of cash and cash equivalents should be disclosed
- except in limited circumstances, cash flows should be presented on a gross basis
- non-cash transactions should not be presented in the statement of cash flows
- material non-cash transactions related to investing and financing activities should be disclosed elsewhere in the financial statements
- material accounting policies and judgements regarding the classification of cash flows (e.g. interests, dividends, cash subject to restrictions) should be disclosed.

Segment reporting

Identification and aggregation of operating segments

Because IFRS 8 *Operating Segments* adopts the management approach to the identification of operating segments and the measurement of disclosed segment information, entities should ensure consistency between the segment information included in the management report, in the reporting to the chief operating decision maker (CODM) and in the financial statements.

When identifying operating segments, entities are permitted to aggregate two or more operating segments into a single operating segment provided the specified criteria are met. These criteria are strict, and aggregation is only possible for quite homogeneous operations.

Geopolitical uncertainties or climate matters may lead to changes in an entity's operating segments or the application of aggregation criteria. For example, an entity may change the way its business is structured through a reorganisation because of the introduction of new tariffs, or the anticipated impact of climate change may give rise to an indicator that segments may not have similar economic characteristics in the long term to be aggregated. If there is a change in operating segments, entities should be mindful of the impact it may have on the performance of impairment testing applying IAS 36 because the allocation of goodwill to a CGU or a group of CGUs that is larger than an operating segment is precluded.

Entities should provide entity-specific disclosures of all material factors used to identify their segments and the judgements made in applying the aggregation criteria, including a brief description of the aggregated operating segments and, where applicable, the indicators that demonstrate that those segments share similar economic characteristics.

Information about geographical areas and major customers

In the current environment of trade barriers and geopolitical uncertainties, entity-wide disclosures required by IFRS 8 on geographical areas and major customers may be of particular relevance to users of financial statements. For example, the fact that all (or significantly all) of an entity's material revenues are attributed to foreign countries could be material information (in particular, if those foreign countries are subject to trade restrictions). When revenues from external customers attributed to an individual foreign country or non-current assets there located are material, those revenues or non-current assets should be disclosed separately. An entity also needs to disclose how revenues have been allocated to individual countries or geographical areas, which can either be based on the geographical location of its customers or based on the location where the sale occurred.

Finally, it is worth noting that IFRS 8, in principle, does not provide an exemption for disclosures that the board or management deems to be prejudicial to the interests of the entity.

In June 2024, the IFRS Interpretations Committee published an agenda decision titled *Disclosure of Revenues and Expenses for Reportable Segments*. This agenda decision addresses the requirement in IFRS 8:23(f) to disclose, for each reportable segment, material items of income and expense disclosed in accordance with IAS 1:97.

The key points highlighted in the agenda decision include:

- an entity is required to disclose the specified amounts for each reportable segment when they are:
  - included in the measure of segment profit or loss reviewed by the CODM, even if they are not separately provided to or reviewed by the CODM, or
  - regularly provided to the CODM, even if they are not included in the measure of segment profit or loss
- the material items to be disclosed include, but are not limited to, the items listed in IAS 1:98 (e.g. write-downs of assets, restructuring expenses or gains / losses on disposal)
- an entity is not required to disclose, by reportable segment, each item of income and expense presented in its statement of profit or loss or disclosed in the notes
- in determining the information to disclose for each reportable segment, an entity applies judgement and considers:
  - the principles of materiality and aggregation in IAS 1, and
  - the core principle of IFRS 8, which requires an entity to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Entities should consider whether the information disclosed in their segment information is consistent with the explanatory material in the IFRS Interpretations Committee agenda decision if they:

- include material items of income and expense in the measure of segment profit or loss reviewed by the CODM (even if they are not separately provided to or reviewed by the CODM), or
- provide information on such material items to the CODM (even if they are not included in the measure of segment profit or loss).

Income tax, including recognition of deferred tax assets and transfer pricing

Entities should consider how lower or more volatile profit levels stemming from the current macroeconomic environment might influence income tax accounting. For example, a reduction in current-period income or the incurrence of losses, coupled with a reduction in forecast income, could result in a reassessment of whether it is probable that some or all of an entity's deferred tax assets can be recovered. If declining earnings or impairments generate losses, entities will need to consider whether there is sufficient income within the carry-back and carry-forward periods available under tax law to fully or partially realise the related deferred tax asset.

Applying IAS 12 *Income Taxes,* an entity may not have recognised deferred tax liabilities for taxable temporary differences associated with subsidiaries, branches and associates, and interests in joint arrangements, because it concluded that it controlled the timing of the reversal of the temporary difference and it had been deemed probable that the temporary difference would not reverse in the foreseeable future. Conversely, an entity may have recognised deferred tax assets for deductible temporary differences associated with such investments because it determined it probable that the temporary difference would reverse in the foreseeable future (and it was determined to be probable that the deferred tax asset could be recovered). If an entity or its subsidiaries have liquidity issues or other challenges resulting from the current macroeconomic environment such that there is a change in intent with respect to the repatriation of undistributed earnings in an investee, it may be appropriate to reconsider these conclusions.

Disclosure is also important in this area, in particular of entity-specific information about the nature of the evidence supporting the recognition of deferred tax assets when there is a recent history of losses and deferred tax judgements and estimates, including relevant sensitivities and / or the range of possible outcomes in the next 12 months.

As a result of changes to global trade, entities may be changing their transfer pricing policies. Applying IFRIC 23 *Uncertainty Over Income Tax Treatments*, entities should consider whether it is probable that the relevant tax authorities will accept the resulting tax treatment. If not, the entity should reflect the effect of the uncertainty, applying the requirements of IFRIC 23, in determining the related tax balances. Relevant disclosures should be considered on the change in transfer pricing and the related uncertain tax treatments, if material.

OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published its Pillar Two model rules. The Global Anti-Base Erosion (GloBE) rules apply to constituent entities that are members of a multinational enterprise group that has annual revenue of EUR750 million or more in the consolidated financial statements of the ultimate parent entity in at least two of the four fiscal years immediately preceding the tested fiscal year. The objective of the rules is to ensure that large multinational enterprises pay a minimum level of tax on the income arising in each jurisdiction in which they operate. To achieve this goal, the rules impose a top-up tax on excess profits arising in a jurisdiction whenever the GloBE effective tax rate, determined on a jurisdictional basis, is below the 15 per cent minimum rate.

A Deloitte Global Pillar Two Legislative Tracker provides updates on legislation being introduced to implement Pillar Two in various jurisdictions.

IAS 12, as amended in May 2023, precludes recognition of deferred tax assets and liabilities related to Pillar Two income taxes and disclosure of information about them. However, once the Pillar Two legislation is in effect, the standard requires separate disclosure of current tax expense (income) related to Pillar Two income taxes, if any.

Since their introduction, the rules continue to evolve, with further changes expected from the OECD and with consequential local legislative changes in the jurisdictions that have adopted the framework. IAS 12:46 requires current tax liabilities or assets to be measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. However, to the extent that legislative changes are announced or enacted after the end of the reporting period, an entity should consider whether disclosure is required to meet the requirements of IAS 10:21.

New US Tax Legislation – the 'One Big Beautiful Bill Act'

On 4 July 2025, *An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14* ('the Act') (commonly referred to as the 'One Big Beautiful Bill Act') was signed into US federal law.

Amongst other things, the Act:

- extends a number of provisions of the 2017 *Tax Cuts and Jobs Act*, including permanent extension of full expensing ('100% bonus depreciation') for qualified business property, immediate deductions for domestic research and development (R&D) costs and a more generous formula for deducting net business interest

- increases the tax rate applied to the Base Erosion and Anti-Abuse Tax (BEAT) by 0.5%, lower than the increase which would have applied without any congressional action

- eliminates a decrease in deductions for both the Global Intangible Low-Taxed Income (GILTI) and Foreign-Derived Intangible Income (FDII) regimes which would have applied in 2026.

The Act also includes some tax-raising provisions, including phase-outs of and restrictions on several clean energy tax incentives, and makes various broadly applicable changes to GILTI and FDII, meaning that the overall impact of changes to these regimes is likely to depend on an individual entity's facts and circumstances.

For the purposes of applying IAS 12, these changes should be considered as substantively enacted on 4 July 2025. For reporting periods ending before that date, the recognition and measurement of income tax is not affected but the need for disclosure of a non-adjusting event under IAS 10 (or, for interim periods, IAS 34 *Interim Financial Reporting*) should be considered.

For reporting periods ending on or after 4 July 2025, the Act could affect both current and deferred tax balances for entities with operations in the US.

Current tax

Many of the Act's provisions will take effect in future tax years. However, when they affect the tax payable on current year profits or are applied retroactively to prior taxable years, this will be reflected in current tax recognised in the statement(s) of financial performance.

The effects of the Act on current tax should be considered holistically, as they could result in both decreases (through, for example, use of an election to deduct the remaining unamortised balance of capitalised domestic R&D paid or incurred after 31 December 2021 and before 1 January 2025 or reinstatement of 100% bonus depreciation on property acquired and placed in service after 19 January 2025) and increases (through, for example, termination of the qualified commercial clean vehicle credit for vehicles acquired after 30 September 2025 or a higher tax burden due to the Act resulting in an entity being subject to a higher amount of tax under the Corporate Alternative Minimum Tax regime).

Deferred tax
Deferred tax assets and liabilities in respect of temporary differences expected to reverse in future years should be recognised and measured based on substantively enacted tax law expected to apply when that reversal occurs. As a result, even if it does not change current tax payable in 2025, the Act could (for periods ending on or after 4 July 2025) affect:

- the amounts of temporary differences, for example, as a result of immediate expensing of domestic R&D costs or reinstatement of bonus depreciation
- the measurement of deferred tax balances, for example, as a result of modifications to the GILTI tax regime
- the recognition of deferred tax assets, if the Act changes expectations of future taxable profits.

The following publications from Deloitte in the US provide further information:

- *Heads Up – Accounting Considerations Related to the New U.S. Tax Legislation*
- *A closer look – Inside the new tax law.*

In addition, a Deloitte *IFRS in Focus – Accounting for the effects of the U.S. tax reform legislation under IFRS* provides further background on the 2017 *Tax Cuts and Jobs Act*.

Non-GAAP and alternative performance measures
Significant economic changes or unusual events often lead to a desire to highlight their effects on performance or what an entity's profit may have been had an event not occurred. However, care must be taken in following such an approach. The pervasive nature of the impact of such changes or events means that a separate presentation may not faithfully represent an entity's overall financial performance and may be misleading to users' understanding of the financial statements.

In general, when evaluating whether the effects of an economic or geopolitical event can appropriately be reflected via a non-GAAP measure or alternative performance measure (APM), factors including, but not limited to, the following should be considered:

- Can the item to be excluded from an adjusted measure be demonstrated to directly relate to the event or economic condition?
- Is the item incremental to normal operations rather than a reflection of 'the new normal'?
- Is the item objectively quantifiable, as opposed to an estimate or projection?

Instead of seeking to present the wide-ranging impacts of such an event separately in profit or loss, it is more likely to be appropriate to disclose, in the notes, qualitative and quantitative information on the significant impacts, the judgements and assumptions applied in the recognition, measurement and presentation of assets, liabilities and impacts on the numbers in the profit or loss. Such impacts should be provided in a clear and unbiased way.

In addition, the definition and calculation of APMs should be consistent over time.

When including non-GAAP measures or APMs in management reports, entities should also consult the International Organization of Securities Commissions (IOSCO) Statement on Non-GAAP Financial Measures and ESMA Guidelines on Alternative Performance Measures (updated in 2020) that remain relevant, or jurisdictional equivalents.

Events after the reporting date
The emergence of new issues or new developments after the period end may require careful consideration to distinguish between adjusting events providing evidence of conditions that existed at the end of the reporting period and non-adjusting events indicative of conditions that arose after the reporting period. This assessment often requires judgement.

As well as determining in which reporting period the event itself should be accounted for, this distinction is important to forward-looking calculations and related disclosures. For example, an impairment review under IAS 36, the estimation of costs to completion that may be used to measure progress toward complete satisfaction of a performance obligation under IFRS 15, the expected credit loss calculation under IFRS 9 or the disclosure of sensitivities to reasonably possible changes in forecasts should be based on conditions at the reporting date and are not affected by subsequent, non-adjusting events. It may be helpful to provide additional disclosure of how assessments have changed since the reporting date, but this should be clearly identified as being distinct from the information as at the reporting date.

For example, if new tariffs or changes to existing tariffs are announced after the reporting date, an entity should apply judgement to assess whether the announcement could have reasonably been expected at the reporting date. If so, the entity should consider whether the cash flows used to perform the impairment analysis (including, when relevant, the probability weighting of the scenarios) should be updated to reflect the conditions that could reasonably be expected at the reporting date. If the entity determines that the new tariffs or changes to existing tariffs could not have reasonably been expected at the reporting date, the impairment calculations are not adjusted and instead relevant information about the announcement should be disclosed, if material.

Business combinations and other acquisition transactions
Business combinations and other similar transactions can be complex and their accounting may involve significant judgements, for example, to determine:

- whether the transaction meets the definition of a business combination or should be accounted for as an asset purchase
- if the transaction is a business combination, identifying the elements of the transaction that form part of the business combination and those that should be accounted for as separate transactions (for example, whether certain payments form part of the purchase price or should be accounted for as remuneration)
- whether the transaction results in control, joint control or significant influence over an investee. This assessment may be particularly judgemental when factors other than voting rights come into play, for example:
  - the existence of special rights under contracts between shareholders pertaining to voting or the nomination of directors
  - if the investee is subject to specific legal regimes, for example regarding involvement of government agencies or the nomination of directors
  - whether the entity (the investor) is subject to legal provisions, for example limiting its capital involvement in the investee
  - options or other potential voting rights held by the entity or third parties.

As business combinations and other acquisition transactions can be highly significant, entities should give clear and consistent explanations of the impact of these transactions and of the significant judgements made in determining how to account for the transactions. This may include:

- judgements involved in determining whether a group of assets is a business combination and should be accounted for applying IFRS 3 *Business Combinations*
- an explanation of factors giving rise to goodwill, by reference to the business combination in question rather than boilerplate disclosures
- an explanation of contingent consideration arrangements and the potential variability in the amounts payable
- the information required by paragraphs 7-9 of IFRS 12 *Disclosure of Interest in Other Entities* on the significant judgements made when assessing control, joint control and significant influence.

In December 2023, IOSCO issued *Recommendations on Accounting for Goodwill* aimed at enhancing the reliability, faithful representation and transparency of goodwill recognised and disclosed in the financial statements. IOSCO makes four recommendations to preparers of financial statements:

- properly recognise all identifiable intangible assets and provide entity-specific disclosure of the factors that make up the goodwill recognised in a business combination
- obtain sufficient evidence to demonstrate that assumptions used in impairment tests are reasonable and supportable
- ensure consistency between assumptions used in goodwill impairment tests and non-financial disclosures
- clearly disclose impairment tests of goodwill, including how key assumptions are determined.

In respect of the last recommendation, IOSCO notes that good practices include disclosing:

- the percentage by which the fair value or the value in use exceeds the carrying amount of a CGU or a group of CGUs, especially when there is a significant risk of a material adjustment to the carrying amounts of goodwill within the next financial year
- the degree of uncertainty associated with the key assumptions, for example, uncertainty regarding assumptions within a valuation model that may involve future expectations for economic recovery from a business downturn that may have uncertain time horizons
- potential events and / or changes in circumstances that could reasonably be expected to negatively affect the key assumptions.

IAS 33 *Earnings per share*

Basic and diluted earnings per share (EPS) are often seen as important metrics of an entity's performance and, as such, are often included in the announcement of results for a period as well as in the financial statements. However, the calculation of those figures can be highly complex and might not always be well understood by users[3]. The general requirements of IAS 1 to disclose significant judgements made in preparing the financial statements apply also to the calculation of EPS (for example, if judgement is needed in determining the substance of a share reorganisation).

The following are also noted, as the requirements of IAS 33 on the calculation of EPS can easily be misapplied:

- the determination of whether potential ordinary shares are dilutive or antidilutive should be based on profit or loss from continuing operations
- share reorganisations that involve a bonus element require retrospective adjustment in the weighted average number of ordinary shares used for the calculation of basic and diluted EPS for all periods presented
- when preference shares are classified as equity, earnings used for the calculation of basic and diluted EPS are adjusted for all the effects of those preference shares, including dividends and any premiums arising on redemption.

The guidance on the use of non-GAAP measures (see **Non-GAAP and alternative performance measures** above) is also applicable to the presentation of adjusted EPS figures. In particular, these should not be given more prominence than EPS measures required by IAS 33 and the methodology applied in their calculation, including the basis used for tax on adjusting items, should be clearly disclosed.

IFRS 17 *Insurance Contracts*

IFRS 17 became effective for the reporting periods beginning on or after 1 January 2023. In October 2024, ESMA issued a report titled *From "black box" to "open book"? – Evidence from the first application of IFRS 17 Insurance Contracts* which provides observations and recommendations from a review of financial statements of a sample of European insurance companies.

Of the matters relevant to the on-going application of IFRS 17, ESMA notes that disclosures related to accounting policies, judgements and estimates were often not entity-specific or, in limited cases, missing. The report provides examples in this regard.

ESMA also observes that some entities presented disclosures about the nature and extent of risks that arise from insurance contracts outside of the financial statements (e.g. in a management commentary or risk report), including using cross-references from the financial statements, which is not permitted under IFRS 17. The disclosures required by IFRS 17 should be included in the notes to the financial statements.

3. Refer, for example, to the UK FRC's thematic review of earnings per share published in September 2022 that highlights the more common errors found in EPS calculations, and reminds entities of certain key requirements.

Management commentary

In June 2025, the IASB issued a revised practice statement on management commentary to support improvements to management commentary and similar reports, including a greater global alignment in the requirements. The revised practice statement does not specify which entities are required to prepare management commentary, how frequently entities should do so, who should authorise management commentary for issue or the level of external assurance to which management commentary should be subjected. The revised practice statement is meant to provide a global benchmark for regulators to use in updating or developing national requirements and guidance on management commentary and a comprehensive resource for entities in providing information that meets investors' needs. A Deloitte *iGAAP in Focus* provides more detail on the practice statement on management commentary.

Interim financial reporting

Timely and high-quality interim disclosure is important to primary users of financial statements. The areas of consideration which are most likely to be relevant when preparing interim financial statements, in addition to those already described throughout this publication, are discussed below.

Important events and transactions

Entities preparing condensed interim financial statements are required, in accordance with paragraph 15 of IAS 34 *Interim Financial Reporting*, to provide "an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period". A non-exhaustive list of events that may be considered for disclosure, if significant, is provided in IAS 34:15B. Additionally, IAS 34:16A specifies disclosures which should be made in the notes to the condensed interim financial statements, including in respect of changes in accounting policies and methods of computation.

As entities respond to the ongoing uncertainties stemming from the current macroeconomic and geopolitical environment, there are likely to be other important events that may require disclosure in the notes to the condensed interim financial statements.

Estimates

Given the ongoing level of uncertainty, entities may need to revise their estimates (for example, as a result of imposition of new tariffs or changes in interest rates) during the interim period and provide disclosures in accordance with IAS 34:16A(d). Where this is the case, disclosures should clearly describe the reasons for the change in estimates and the estimation methods used, particularly if assets and liabilities have been subject to greater use of estimation methods than at the most recent annual reporting date.

Impairment of assets

The requirements of IFRS Accounting Standards in respect of impairment losses and reversals of impairment losses apply to condensed interim financial statements.

For many assets (including goodwill, property, plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries, joint ventures and associates) this means assessing at the reporting date whether there is an indication of impairment or reversal of a previous impairment (except for reversals of previous goodwill impairments which are prohibited) and, if so, determining the recoverable amount (the higher of value in use and fair value less costs of disposal) in accordance with IAS 36. Entities need to assess the existence of impairment indicators as at an interim reporting date irrespective of the conclusion reached at the most recent annual reporting date.

Due to uncertainties in the environment, forecast cash flows previously used in value in use or fair value less costs of disposal calculations at the most recent annual reporting date may no longer reflect conditions at a subsequent interim reporting date. When this is the case, entities will need to prepare new or updated forecasts that reflect management's revised expectations and the updated conditions at the interim reporting date.

If material impairment losses are recognised during an interim period, entities should consider additional disclosures about these losses as required by IAS 34:15B(b).

Going concern

The going concern requirements set out in IAS 1:25 and 26 apply to interim financial statements. Therefore, management will need to consider whether there are material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern for a period of at least 12 months from the end of the interim reporting period. In making this assessment, management should take into account all information available up to the date of authorisation of the interim financial statements.

In addition, the entity will need to consider whether new or updated information is required to be disclosed about its going concern assessment in the condensed interim financial statements.

Recognition and measurement

The principles for recognising assets, liabilities, income and expenses in the condensed interim financial statements are the same as in annual financial statements. IAS 34:41 requires that the measurement procedures used in interim financial statements produce information that is reliable, with all material relevant financial information being appropriately disclosed. Accordingly, the challenges described elsewhere in this publication, for example the measurement of the recoverable amount of non-financial assets and of expected credit loss allowances on financial assets will need to be addressed in the same manner in interim financial statements.
IAS 34 nevertheless acknowledges that, whilst reasonable estimates are often used for both annual and interim financial statements, interim financial statements will generally require a greater use of estimation methods than annual financial reports.

Accounting for income taxes

Consistent with the basic principle that the same accounting recognition and measurement principles should be applied in an interim financial report as are applied in the next annual financial statements, the interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, i.e. the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

To the extent practicable, a separate estimated average annual effective income tax rate is determined for each tax jurisdiction and applied individually to the interim period pre-tax income tax of each jurisdiction. The same principle applies when different income tax rates apply to different categories of income. As a result of the uncertainties brought by the changes in global trade and macroeconomic uncertainties, entities may face difficulties in performing the interim tax calculation with such a level of precision. If this is the case, entities are permitted to use a weighted average of rates across jurisdictions or across categories of income, if it is a reasonable approximation of the effect of using more specific rates.

Adjustments to forecasted cash flows (such as those discussed in the context of impairment of non-financial assets) may also need to be factored into an entity's estimated annual effective tax rate (AETR) for interim reporting purposes under IAS 34. Furthermore, in the context of an uncertain business environment these estimates of cash flows are likely to be revised more frequently and with that amounts accrued for income tax expense in one interim period may also need to be adjusted in a subsequent interim period if the AETR changes. The AETR would be re-estimated on a year-to-date basis.

The criteria in IAS 12 to support the recognition of deferred tax assets are applied at the end of each interim period and, only if they are met, the benefit of a current period tax loss can be reflected in the computation of the estimated average annual effective income tax rate.

Other disclosures

As explained above, the overarching objective in IAS 34 is that the interim financial statements should provide an explanation and an update to the relevant information included in the annual financial statements. In addition to the specific considerations explained above, entities will need to consider any additional disclosures that may be needed to meet this overarching objective, which in the current volatile and uncertain environment may require additional disclosure for significant impacts arising as a result of the events after the end of the interim reporting period.

Whilst IAS 1 generally does not apply to the structure and content of condensed interim financial statements prepared in accordance with IAS 34, IAS 1:4 clarifies that IAS 1:15-35 apply to such statements. Both IAS 1:17 and 31 require additional information to that specified in IFRS Accounting Standards, when necessary to enable a user's understanding of the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. In the current context when an entity's financial situation may have changed significantly since its last annual financial statements, some of the disclosures that are normally only required for a complete set of (annual) financial statements may provide relevant information on the consequences of circumstances that have emerged during the interim reporting period.

Appendices

New and revised IFRS Accounting Standards and Interpretations

IAS 8:30 requires entities to consider and disclose (in annual financial statements) the potential impact of new and revised IFRS Accounting Standards that have been issued but are not yet effective. The sufficiency of these disclosures is a current area of regulatory focus.

The list below reflects a cut-off date of 15 December 2025. The potential impact of the application of any new and revised IFRS Accounting Standards issued by the IASB after that date, but before the financial statements are issued, should also be considered and disclosed.

The table below provides a summary of the pronouncements as at 31 December 2025, for various quarterly reporting periods:

This table can be used for all annual reporting periods. A 1st quarter ending on 31 December 2025 would mean that the annual reporting period began on 1 October 2025. Similarly, 2nd quarters ending on 31 December 2025 refer to annual periods that began on 1 July 2025, 3rd quarters ending on 31 December 2025 refer to annual periods that began on 1 April 2025, and 4th quarters ending on 31 December 2025 refer to annual periods that began on 1 January 2025.

Further information is also available on the *IAS Plus website*.

Pronouncement	**Effective date**	**Application to 31 December 2025**			
		Q1	**Q2**	**Q3**	**Q4**
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025	Mandatory	Mandatory	Mandatory	Mandatory
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026	Optional	Optional	Optional	Optional
Annual improvements to IFRS Accounting Standards—Volume 11	1 January 2026	Optional	Optional	Optional	Optional
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026	Optional	Optional	Optional	Optional
IFRS 18 *Presentation and Disclosures in Financial Statements*	1 January 2027	Optional	Optional	Optional	Optional
IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (as amended in August 2025)	1 January 2027	Optional	Optional	Optional	Optional
Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)	1 January 2027	Optional	Optional	Optional	Optional

Recent IFRS Interpretations Committee agenda decisions

The IFRS Interpretations Committee regularly publishes summaries of issues that it has decided not to add to its agenda, generally accompanied by a discussion of the accounting issue submitted.

In August 2020, The Trustees of the IFRS Foundation issued an updated *IFRS Foundation Due Process Handbook* establishing that the explanatory material in the agenda decisions published by the IFRS Interpretations Committee derives its authority from the IFRS standards themselves and, therefore, that its application is required with the general requirements of IAS 8 for retrospective application applying when an agenda decision results in a change of accounting policy.

The *IFRS Foundation Due Process Handbook* and each *IFRIC Update* also note that it is expected that an entity would be entitled to sufficient time to make that determination and implement any necessary accounting policy change (for example, to obtain new information or adapt its systems). Determining how much time is sufficient to make an accounting policy change is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any change on a timely basis and, if material, consider whether disclosure related to the change is required by IFRS Accounting Standards.

The following agenda decisions have been published by the Committee in the last 12 months:

June 2025 *IFRIC Update*	IAS 29 *Financial Reporting in Hyperinflationary Economies*—Assessing Indicators of Hyperinflationary Economies
March 2025 *IFRIC Update*	Guarantees Issued on Obligations of Other Entities IFRS 15 *Revenue from Contracts with Customers*—Recognition of Revenue from Tuition Fees IAS 38 *Intangible Assets*—Recognition of Intangible Assets from Climate-related Expenditure

Key changes made to this publication over the last 12 months

Date	Section	Change
December 2025	Climate-related risks in financial statements	Overview of the illustrative examples in *Disclosures about Uncertainties in the Financial Statements* added
December 2025	IFRS Sustainability Disclosure Standards	Overview of *Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)* added
December 2025	European Union Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRSs)	Developments related to the omnibus package updated and the links to the updated *iGAAP in Focus* on the omnibus package and to the *iGAAP in Focus* on the draft revised ESRSs added
December 2025	Selected new accounting requirements	Overview of *Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)* added
December 2025	Sustainability reporting developments – United States of America	Update on the reporting under SB-253 and SB-261
December 2025	Income tax, including recognition of deferred tax assets and transfer pricing	Considerations related to Pillar Two taxes updated
December 2025	New and revised IFRS Accounting Standards and Interpretations	List updated
October 2025	• Disclosures in uncertain times (new) • Impairment of non-financial assets • IFRS 15 R*evenue from Contracts with Customers* • Restructuring provisions (new) • European Union Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRSs) • Other reporting considerations – Segment reporting (new)	Updates stemming from recent publications by regulators
October 2025	Currency and hyperinflation	List of hyperinflationary economies updated
October 2025	Sustainability reporting developments – Greenhouse Gas Protocol	Discussion on the consultation on proposed updates to the *Scope 2 Guidance* added
September 2025	Going concern	Link to the *iGAAP in Focus* on the updated IASB educational material on the assessment of going concern added
September 2025	Selected new accounting requirements	Discussion on the amendments to IFRS 19 added
August 2025	Income tax, including recognition of deferred tax assets and transfer pricing	Considerations related to the new US tax legislation (the 'One Big Beautiful Bill Act') added
August 2025	IFRS Sustainability Disclosure Standards	Overview of the ISSB exposure drafts updated

August 2025	Recent IFRS Interpretations Committee agenda decisions	List updated
July 2025	Events after the reporting date	Discussion on effect of new tariffs or changes to existing tariffs announced after the reporting date added
	Income tax, including recognition of deferred tax assets and transfer pricing	Discussion on changes to an entity's transfer pricing policies added
	Financial risks disclosures – Interest, foreign exchange and inflation risks	Reference of foreign exchange risk added
July 2025	Other reporting considerations	Management commentary added
April 2025	• Global trade • Impairment of non-financial assets • Financial risks disclosures • Fair value measurement and disclosure • IFRS 15 *Revenue for Contracts with Customers* • Onerous contracts provisions • Interim financial reporting – Accounting for Income taxes	Update for the impact of changes in global trade, including changes in tariffs
March 2025	Macroeconomic and geopolitical environment	Discussion of global trade added
March 2025	Uncertainty and financial reporting	Impairment of non-financial assets added
February 2025	European Union Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRSs)	Overview of the EU omnibus proposal added
February 2025	Selected new accounting requirements	Overview of *Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)* added

The Deloitte Accounting Research Tool (DART) is a comprehensive online library of sustainability and financial reporting literature. iGAAP on DART allows access to the full IFRS Standards, linking to and from:

- Deloitte's authoritative, up-to-date, iGAAP manuals which provide guidance for reporting under IFRS Standards
- illustrative financial statements for entities reporting under IFRS Accounting Standards.

In addition, our sustainability reporting volumes of iGAAP provides guidance on disclosure requirements and recommendations which businesses must consider in light of the broader environmental, social and governance matters which can significantly drive the value of an entity.

To apply for a subscription to iGAAP on DART, click here to start the application process and select the iGAAP package.

For more information about iGAAP on DART, including pricing of the subscription packages, click here.

Key contacts

Global IFRS and Corporate Reporting Leader
Veronica Poole
ifrsglobalofficeuk@deloitte.co.uk

IFRS Centres of Excellence

Americas		
Argentina	Fernando Lattuca	**arifrscoe@deloitte.com**
Canada	Karen Higgins	**ifrsca@deloitte.ca**
Mexico	Kevin Nishimura	**mx_ifrs_coe@deloittemx.com**
United States	Magnus Orrell Ignacio Perez	**iasplus-us@deloitte.com**
Asia-Pacific	Shinya Iwasaki	**ifrs-ap@deloitte.com**
Australia	Anna Crawford	**ifrs@deloitte.com.au**
China	Mateusz Lasik	**ifrs@deloitte.com.cn**
Japan	Kenichi Yoshimura	**ifrs@tohmatsu.co.jp**
Singapore	Lin Leng Soh	**ifrs-sg@deloitte.com**
Europe-Africa		
Belgium	Thomas Carlier	**ifrs-belgium@deloitte.com**
Denmark	Søren Nielsen	**ifrs@deloitte.dk**
France	Irène Piquin Gable Aude Pinon	**ifrs@deloitte.fr**
Germany	Jens Berger	**ifrs@deloitte.de**
Italy	Massimiliano Semprini	**ifrs-it@deloitte.it**
Luxembourg	Jeremy Pages	**ifrs@deloitte.lu**
Netherlands	Henri Venter	**ifrs@deloitte.nl**
South Africa	Nita Ranchod	**ifrs@deloitte.co.za**
Spain	José Luis Daroca	**ifrs@deloitte.es**
Sweden	Fredrik Walmeus	**seifrs@deloitte.se**
Switzerland	Nadine Kusche	**ifrsdesk@deloitte.ch**
United Kingdom	Linda Riedel	**deloitteifrs@deloitte.co.uk**

Designed by Deloitte CoRe Creative Services. RITM2097764