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IFRS Newsletter
Bringing you the latest information on recent IFRS topics
January 2022

Dear all,

We are pleased to welcome you to the new edition of our IFRS Newsletter.

Our aim is to keep you updated with all the latest news and developments on IFRS and financial reporting along with the potential impact they may have on your business.

In this issue, we discuss some financial reporting issues that may be relevant for years ending on or after 31 December 2021, as a result of areas of regulatory focus, the current economic environment, or changes in accounting standards:

We hope that you find our newsletter insightful and if you would like to discuss any of the topics covered, please do not hesitate to contact us.

Best regards,

Dimitris Katsibokis
Partner
Assurance Leader

Climate change and corporate reporting

Climate change and the transition to a lower carbon economy continues to be a critical business issue for entities, lenders, governments, regulators, and investors. Business stakeholders are increasingly asking entities how they are factoring the effects of climate change and the transition to a lower carbon economy into their critical accounting judgements and estimates.

As a result, along with an increased focus on how climate-related issues are reflected in the existing requirements of IFRS Standards there is a number of initiatives to enhance corporate reporting to better reflect how sustainable a business is and its effect on its environment, including carbon emissions.

Where disclosures of this kind are provided outside the financial statements (either under an established framework such as the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, based on local regulatory requirements or otherwise), it is important that they are consistent with the data and judgements used in preparing the financial statements and supporting financial statement disclosures. In particular,

- Judgements and estimates underpinning financial statements must be consistent with the climate commitments and strategies discussed in the narrative part of an annual report.
- Forecasts used for financial reporting purposes should reflect the entity's strategic plans and committed actions at the reporting date – based on best estimates at the reporting date.
- Investors want to understand whether these forecasts are aligned with the goals of the Paris Agreement. 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 analysis.

TCFD recommendations

The Financial Stability Board (FSB) established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

The TCFD recommendations are organised around four core elements of how organisations operate (Governance, Strategy, Risk Management and Metrics and Targets). These four elements, which are universally applicable to organisations across sectors and jurisdictions, are interlinked and designed to function together to provide an effective approach to responding to climate-related issues. They also provide the structure for the recommended disclosures.

This has become a generally accepted framework for organisations to explain their strategic response to climate change and its potential financial impacts. In line with the TCFD recommendations, investors are also increasingly calling on organisations to adopt the disclosures in their mainstream filings, and regulators in many jurisdictions have incorporated, or are looking to incorporate, them into mandatory reporting requirements. Applying the TCFD recommendations will help organisations enhance transparency and be better prepared for mandatory climate-related financial disclosures based on global sustainability standards published by the ISSB.

International Sustainability Standards Board

In November 2021, the IFRS Foundation (IFRSF) announced the creation of the International Sustainability Standards Board (ISSB). The ISSB sits alongside the International Accounting Standards Board (IASB) with a remit to set global sustainability reporting standards. The intention is for the ISSB to play the same role for sustainability reporting as the IASB does for financial reporting.

The creation of the ISSB is a significant step in response to the urgent need for investors and other stakeholders to understand how climate and sustainability risks and opportunities faced by business affect enterprise value and financial performance. Global sustainability standards will facilitate consistent and comparable reporting across jurisdictions which will help direct capital to long term, resilient business in the transition to a low-carbon economy.

Effects of the COVID-19 pandemic

Two years on from the first outbreaks of COVID-19, the pandemic remains a significant factor across the globe, although there is now much greater variation in terms of infection and vaccination rates and in the level and nature of government actions to restrict the transmission of COVID-19 and to support industries that are adversely affected.

Supply chain disruptions, labour shortages, commodity prices and general inflationary pressures

Supply chain disruptions, labour shortages, increasing commodity prices and general inflationary pressures have arisen in various parts of the world as a result of the lifting of COVID-19 restrictions, governmental stimulus packages and global trade tensions.

Supply chain disruptions

Supply chain disruption is significantly increasing the production and distribution costs for many entities. If this results in a higher cost of inventory, entities should consider whether a write-down to net realisable value is required.

As well as increasing costs, supply chain disruption can increase the time taken to produce a finished product and, therefore, the volume of unfinished inventory at the reporting date. This can make the accuracy of systems and controls to ensure that raw materials and work in progress (some of which may be physically held by third parties) are properly recognised and measured more important.

When goods are being produced to satisfy an existing customer contract, increased costs might decrease the profitability of a contract or even result in a loss. If an entity is unable to raise its prices under a revenue contract with customers, it should consider the potential accounting implications of reduced or negative profitability on a revenue contract, including the period in which to record a loss if applicable.

Similarly, changes to manufacturing processes to allow for delays in receiving components or the use of alternative components will need to be reflected in inventory costing calculations.

Labour shortages

Labour shortages may manifest themselves in the form of employee turnover and demands for higher wages at all levels of the organisation.

As costs of retaining labour increase in a production environment, entities should consider how these increased labour costs affect the cost of inventory and whether these higher costs can be recovered through price increases or whether a write-down to net realisable value is necessary. Similarly, the effect of increased employee costs on the accounting for contracts with customers should be considered carefully.

Changes to employee benefit packages (whether via bonuses, additional share-based payment awards or otherwise) will also need to be assessed carefully and accounted for in accordance with the requirements of IAS 19 *Employee Benefits* or IFRS 2 *Share-based Payment*.

Increased turnover and the shortage of employees may also put stress on an entity's internal control environments. As employee responsibilities shift, entities should assess whether the appropriately skilled and trained individuals are in place to effectively design, implement, operate, and monitor controls, including controls related to information technology.

Commodity prices

Increasing commodity prices have also been a reality faced by many entities, with significant increases in, for example, wholesale energy prices having a direct or indirect impact across many industries. These can have a general impact on the costs of an entity's operations (resulting in the possibility of impairment or net realisable value issues or, in extreme cases, questions over whether an entity remains a going concern) or an impact on specific contracts. For example, if the cost of a commodity to be delivered to a customer (or used in the manufacture of a product for a customer) has increased and that cost cannot be passed on to the customer, the recognition of a provision for an onerous customer contract may become necessary.

General inflation

In addition to supply chain pressures and labour shortages directly affecting an entity's operations, general price inflation can increase the cost of inventory or of fulfilling customer contracts, resulting in the possibility of write-downs to net realisable value or the recognition of onerous customer contracts.

Inflation may also result in the renegotiation of long-term contracts, such as leases or long-term supply agreements, which in turn may have potential accounting implications. In addition, inflation may lead to an increase in interest rates and corresponding declines in the value of fixed-rate financial assets. As entities review their investment strategies in light of recent inflation, they may consider making different types of investments or moving away from holding excess cash on hand. For example, by investing in gold, digital assets (such as cryptocurrencies) or inflation-indexed debt securities. Entities contemplating such investments should consider the complex accounting and financial reporting that may result from holding them.

Further, entities should monitor the appropriateness of the discount rate used to measure any pension-related liabilities, particularly since even a seemingly small change in the discount rate can affect an entity's pension liability significantly. For example, higher interest rates may lead to decreases in pension liabilities and required employer contributions. However, such decreases may be offset by higher employee wages.

Uncertainty and financial reporting

The effects of climate change (both in the longer term and the shorter-term effects of government and company actions to reduce carbon emissions) and the ongoing impact of COVID-19, including supply chain disruptions, labour shortages, increasing commodity prices and general inflationary pressures, have some commonality in the sense that they introduce volatility and uncertainty to expectations of an entity's future cash flows and business performance. As discussed below, this can affect accounting estimates required for several areas of financial reporting and makes proper disclosure of judgements made and sensitivity to other possible outcomes particularly important.

Impairment and the useful life of assets

Entities will need to assess whether any impairment triggers have arisen due to, for example, adverse changes in the market or technical obsolescence of the entity's assets. In addition, the determination of either value in use or fair value less costs to sell (particularly if applying an income approach as described in IFRS 13 *Fair Value Measurement*) for the purposes of an impairment review under IAS 36 *Impairment of Assets* necessitates the forecasting of an entity's cash flows, potentially extending many years into the future.

Both climate change and the ongoing impact of COVID-19 can give rise to such indicators and can add volatility and uncertainty into the forecast of cash flows used in an impairment review. For example, government action following the COP26 summit in Glasgow might be expected to render some carbon-intensive assets obsolete or the nature and extent of public health measures to combat COVID-19 might be unknown. Multiple dimensions of uncertainty may necessitate the consideration of multiple possible scenarios in developing forecasts.

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. When estimating future cash flows, entities must ensure that assumptions are consistent with external sources of information as well as with their climate strategy and any public commitments made in that respect. 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). 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 paragraphs 125-133 of IAS 1 *Presentation of Financial Statements*, such as sensitivity analyses other than those required in respect of goodwill impairment testing.

The discount rate to be used is an estimate of the rate that a market participant would expect on an equally risky investment. Hence, to the extent that risk and uncertainties about the ongoing impact of the COVID-19 pandemic and/or the effects of climate change or the move to a low-carbon economy are not reflected in the projected cash flows of the asset or cash-generating unit being tested, they should be reflected in the discount rate applied.

The easing, at least in some jurisdictions, of restrictions related to COVID-19 might also give rise to potential reversals of impairments (other than for goodwill, for which reversals are prohibited). Entities will need to assess whether there has been a change in the estimates used to determine the recoverable amount of the assets since the last impairment loss was recognised which could lead to a reversal of impairment. In particular, it is important to note that a reversal of impairment can only arise due to a positive change in forecast cash flows, not merely from the passage of time as a discount unwinds or expected negative cash flows occur (and, as a result, no longer appear in a forward-looking calculation).

Climate or COVID-related risks may also affect the depreciation or amortisation of assets through a change in their useful lives or residual values. For example:

- There may be a decrease in the estimated useful life or residual value of less energy efficient machinery as better technology becomes available in the market.
- The useful life of customer relationships or capitalised development costs associated with an existing product may need to be reduced as an entity (or the market) develops a more environmentally friendly alternative.

Such factors should be incorporated into a review of an asset's useful life and residual value, with any change accounted for as a prospective change in depreciation or amortisation with suitable explanation and disclosure.

Expected credit losses

Downturns from the COVID-19 pandemic may, among other things, lead to borrowers experiencing difficulties in meeting their commitments under loan contracts. Lenders or holders of financial receivables will need to reflect that in their assessment of expected credit losses (ECL). Under IFRS 9 *Financial Instruments*, these are measured in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money.
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

While banks and other lending businesses continue to face the biggest challenges with regard to ECL (including the effects of climate change on credit risk in the longer term), the effect can also be significant for corporates. Regulators (for example, the European Securities and Markets Authority in its *2021 Common Enforcement Priorities*) have highlighted the following points for consideration by financial institutions, but they might also be relevant to corporate entities with material exposure to variations in ECL.

- Management overlays: Material adjustments that are used in the measurement of ECL require enhanced disclosure to fulfil the disclosure objective in IFRS 7 *Financial Instruments: Disclosure*. These adjustments often take the form of ECL model revisions, including updates of the model inputs, or are applied outside the primary models. For each material adjustment, it would be expected that the entity provides detailed and specific information on its impact on the ECL estimate, the rationale for the adjustment and the method applied. The description of the methodology should include significant inputs and assumptions. It should also be disclosed if the adjustments relate to a specific impairment stage and what impact they have on staging of the underlying instruments. It is also recommended that entities consider how their ECL sensitivity disclosures in the notes to the financial statements can incorporate material management overlays. Significant changes in the methodologies and assumptions from the previous reporting period should be explained, together with the reasons for those changes. Users should be able to see the extent of the movements, their nature and the reasons for the development of adjustments.

- Significant changes in credit risk: Entities are required by IFRS 7:35F-G to disclose the basis for the inputs and assumptions and the estimation techniques used to determine whether a significant increase in credit risk has occurred for financial instruments since their initial recognition or whether a financial asset is credit impaired. The disclosure should include the quantitative and qualitative factors applied and any material differences in the application of the factors across portfolios. If borrowers have been provided with significant relief measures that have not resulted in the derecognition of the loan, lenders should describe how they determined whether there has been a significant increase in credit risk for these loans or whether they are impaired. Furthermore, if entities are applying the 'low credit risk' expedient, entities should describe the main types of transactions or portfolios that are impacted by these expedients, including qualitative and quantitative criteria used to define 'low credit risk'. If the entity grouped instruments together to determine whether there is a significant increase in credit risk, the expectation is that key risk characteristics for the grouping are explained and how the collective assessment was performed.
- Forward-looking information: Regulators expect that entities continue to give detailed explanations on how they considered the impact of the pandemic in the macroeconomic scenarios used in determining ECL. Entities should provide specific disclosures on the main judgements and estimations related to uncertainties that have been taken into account when defining scenarios and their weight. This includes quantitative information on the macroeconomic variables considered for each scenario and main geographical areas and/ or sectors. Providing granular disclosures on the sensitivity analysis will be important, including the quantitative impact of this analysis on the ECL and, where appropriate, on staging.
- Changes in loss allowances: Entities are reminded that the tabular reconciliation of the loss allowance (impairment amount) from the opening balance to the closing balance should be disaggregated by class of financial instrument and it should separately provide information about the changes in loss allowances for off-balance sheet commitments. A narrative explanation should be given in addition to the tabular format, including an analysis of the reasons for changes in the loss allowance during the period. Reconciliations should be disclosed both at the entity level and for significant portfolios with shared credit risk characteristics. In addition, entities should explain how significant changes in the gross carrying amount during the period contributed to changes in the loss allowance.
- Changes in credit risk exposure: When providing quantitative information on credit risk exposures, entities should provide an appropriate level of disaggregation to make significant credit risk concentrations transparent. Regulators find it useful to provide a breakdown by stages for all levels of disaggregation. Quantitative disclosures and the narrative descriptions provided in different parts of the financial statements or of the management report should be clearly linked to each other. Disclosures on credit enhancements should be sufficiently granular to enable users to understand material concentrations of credit risk. Where appropriate, disaggregation of exposures by loan to value ranges can be provided.

Going concern

As well as affecting the measurement and recognition of individual balances in the financial statements, uncertainty of the kind generated by climate change or the ongoing effects of the COVID-19 pandemic can threaten the viability of some businesses. For such entities, deciding whether it remains appropriate to prepare their financial statements on a going concern basis and what level of disclosure is required to explain that consideration may involve a greater degree of judgement than usual.

IAS 1 requires that when preparing financial statements, whether annual or interim, management assesses the entity's ability to continue as a going concern. The Standard defines going concern by explaining that financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In making this assessment, IAS 1 requires management to look out at least 12 months from the end of the reporting period but emphasises that the outlook is not limited to 12 months. This is not inconsistent with some national regulations that require consideration of going concern for 12 months from the date that financial statements are authorised for issue.

In January 2021, the IFRS Foundation published educational material titled *Going concern—a focus on disclosure*. The educational material notes that management may need to consider factors that relate to the entity's current and expected profitability, the timing of repayment of existing financing facilities and potential sources of replacement financing and that, in the current stressed economic environment, an entity may be affected by a wider range of factors than in the past. For instance, the COVID-19 pandemic may give rise to factors such as the effects of any temporary shut-down or curtailment of the entity's activities, possible restrictions on activities that might be imposed by governments in the future, the continuing availability of any government support and the effects of longer-term structural changes in the market (such as changes in customer behaviour).

The educational material also highlights that IAS 10 *Events after the Reporting Period* explains that management's assessment of the use of a going concern basis of preparation needs to reflect the effect of events occurring after the end of the reporting period up to the date that the financial statements are authorised for issue. If, before the financial statements are authorised for issue, circumstances were to deteriorate so that management no longer has any realistic alternative but to cease trading, the financial statements must not be prepared on a going concern basis.

The decision over whether to prepare the financial statements on a going concern basis is a binary one, but the circumstances in which that basis is used can vary widely, from when an entity is profitable and has no liquidity concerns to when it is a 'close call' to prepare the financial statements on a going concern basis, even after considering any mitigating actions planned by management. In the continued stressed economic environment, clear disclosure of where the entity sits within that spectrum and the assumptions and judgements made as part of management's assessment is likely to be a focus for users of financial statements.

Income taxes

The determination of whether deferred tax assets (DTAs) should be recognised is similar to an impairment review in that it requires a forecast of future performance (albeit, of future taxable profits rather than of cash flows). As such, this assessment is equally sensitive to uncertainties generated by climate, COVID-19 or other factors.

The nature of evidence supporting the recognition of deferred tax assets by loss-making entities is, therefore, equally subject to scrutiny. Where material DTAs are recognised despite the uncertainty, the evidence supporting this recognition must be disclosed, particularly if the entity is loss-making and utilisation of the DTAs depends on future profits. In addition, disclosure of the significant accounting judgements (e.g. how the probability of recoverability of deferred tax assets was determined) and significant sources of estimation uncertainty (including the carrying amounts affected and an explanation of the effect of any significant changes in key assumptions on the recovery of DTAs) is often required.

More helpful disclosures describe the identity of the taxable entity, its location and the applicable tax rules as well as negative and positive evidence considered. They also include the periods over which the DTAs are expected to be recovered.

In addition, all entities are required to disclose:

- The amount (and expiry date, if any) of deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset is recognised.
- For each type of temporary difference and unused tax losses, the amount of DTAs recognised and related movements in profit or loss.

If there is a significant difference between the implied rate on the underlying item for a DTA and the standard or effective rate of tax reported by the entity, this difference should be explained.

Furthermore, entities are reminded that they should give explanations for significant reconciling items (particularly large one-off items) affecting the relationship between income tax expense and accounting profit multiplied by the applicable tax rate.

Provisions and contingent liabilities

Whether or not provisions are quantitatively large in the context of an entity's statement of financial position, the circumstances to which they relate can often be of great significance to investors as they shine a light on an entity's obligation to, for example, remediate environmental damage caused by its operations. Regulators continue to identify room for improvement in several areas relating to provisions.

Explanations of provisions and contingencies in the financial statements should be clear and concise. The level of detail for these explanations should be guided by the complexity of the provision and its potential impact on the entity's financial position, financial performance, or cash flows. It is important to describe the underlying obligating event, particularly in circumstances such as restructuring, dilapidations of property or self-insurance where determining whether such an event has occurred can require significant judgement. Classes of provisions should be labelled to be specific and to convey informational value.

The method for arriving at the best estimate for a provision must also be sufficiently explained. In particular, it should be clear to users whether the entity has applied the 'expected value' or the 'most likely outcome' approach to arrive at the estimate. If entities are unable to estimate the amount of probable or possible economic outflow, they are encouraged to explain the reasons why they were unable and provide information regarding the magnitude of the potential impact.

Entities are also expected to provide information about the anticipated timing of cash outflows associated with a provision, particularly if the provision is long-term in nature. Where the effect of discounting a provision is material, the discount rate used must be explained, together with a description of the method used to determine the rate. The discount rate and the cash flow forecasting can represent key sources of estimation uncertainty, and the requirements in IAS 1 apply (see below). Particularly, it is expected that material sensitivity of the provision amount to the discount rate and/or cash flow forecasting is explained.

Government assistance

Government assistance assumed an increased level of importance in 2020 in many jurisdictions as governments implemented measures to support businesses affected by the COVID-19 pandemic. Many of those programmes continued to operate in 2021 and government assistance in various forms might be expected to continue to be a feature of various industries (both in response to COVID-19 and for other purposes, for example to incentivise the move to a low carbon economy).

The accounting for such support depends upon the precise features of each scheme, but an important judgement is often the determination of which IFRS Standard should be applied. For example, government support might come in the form of:

- A government grant in the scope of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.
- A tax credit in the scope of IAS 12 *Income Taxes*.
- A loan extended at a below market rate of interest, requiring recognition of a government grant under IAS 20:10A.

Once the appropriate standard is identified, care is needed in determining the appropriate recognition of the benefit of government support in accordance with that standard.

Disclosure of government support (both in terms of the actual impact of government assistance measures in terms of eligibility, conditions and consequences and also of any significant judgements made in determining how it should be accounted for) also remains important.

Judgements and estimates

The areas discussed above all, to a greater or lesser degree, require the application of judgement in characterising an item or transaction and of estimation in its measurement. IFRS Standards recognise the importance that users assign to judgements and estimates by including specific disclosure requirements in many standards together with a general requirement in IAS 1 to disclose:

- The judgements, apart from those involving estimations that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.
- Information (including, when necessary, sensitivity analyses) about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

These disclosures have been the subject of regulatory focus for some years, highlighting that:

- The requirement to disclose key sources of estimation uncertainty applies when there is a significant risk of material adjustment within the next financial year. Voluntary disclosure of possible changes in the longer-term are useful but should be clearly distinguished to help users identify the most critical areas of estimation uncertainty in the immediate future.
- With regard to significant accounting judgements, entities should explain why the judgement was necessary and which factors were considered in applying the judgement. The accounting outcomes of any significant judgements should be sufficiently explained.

Regulators and investors also increasingly compare significant judgements or estimation uncertainties with information provided elsewhere in the annual report. Inconsistencies between judgements and estimates and, for example, disclosure of risks faced by the entity are likely to be scrutinised.

Assumptions related to the impact of climate change or the transition to a lower carbon economy may have a significant risk of resulting in a material adjustment within the next financial year to the carrying amounts of, for example, an asset being assessed for impairments and liabilities. This might arise from changes to expected cash flows within the next year or to longer-term assumptions which are at risk of significant revision within the next year. These disclosures should be presented in a manner that helps users of the financial statements to understand the judgements management has made about the future. The nature and extent of the information to be disclosed will vary according to the nature of the assumptions.

In addition to the above requirements, paragraph 39 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* also requires disclosure of the nature and amount of a change in estimate that either has an effect in the current period or is expected to impact future periods. There is a number of areas when changes in estimates may occur due to climate-related factors.

The transition to a low carbon economy may also give rise to new transactions for which significant judgements may be required in developing accounting policies. For example, 'green' bonds, carbon offsetting or emission trading schemes.

Non-financial statements and alternative performance measures

The pandemic continues to have a high impact on the economic activities of entities. Regulators note that this may impair an entity's ability to meet any pre-determined sustainability-related goals in the short and medium term. Entities are therefore encouraged to provide an explanation of how these goals are affected and how they have been adjusted in response to the pandemic. It is also recommended that entities explain the pandemic's impact on their business model and non-financial key performance indicators (KPIs).

Alternative performance measures (APMs) will be particularly scrutinised by regulators if they are adjusted or newly introduced solely to show the impacts of COVID-19 on the entity's performance. The pandemic has caused a drastic change in world markets that can no longer be seen as a one-off event. Therefore, separate presentation of pandemic impacts may not be appropriate. It would be better to explain these changes in the narrative reporting rather than adjusting or introducing new APMs.

Regulators explicitly discourage entities to use APM labels that could lead to confusion with commonly accepted financial aggregates such as 'EBITDA'. APMs disclosed should be given meaningful labels reflecting their content and basis of calculation to avoid conveying misleading messages to users. For example, the term 'EBITDA' should not be used if items other than interest, taxes, depreciation, and amortisation are adjusted from the net result.

In addition, APMs should be neutral. Presenting biased APMs which are adjusted to exclude only one-off losses (e.g. impairment losses) but include one-off gains of the same nature (e.g. reversal of impairments or grants) may not constitute a fair review of the development and performance of the business and the position of the entity.

Entities should consult the still relevant *IOSCO Statement on Non-GAAP Financial Measures* and *ESMA Guidelines on Alternative Performance Measures* (updated in 2020) when selecting and presenting APMs.

Where can I go for more information?

This publication highlights just some of the recent IFRS topics that may be of interest to entities reporting under IFRS. More detailed information can be found at www.iasplus.com

Contact Us

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